

World News **Business Summary**

France cuts back flights as strike threat looms

France's civil aviation authority has been forced to restrict international flights from the country to 80 due to the combined effects of a strike by French air traffic controllers, separate labour unrest at Air Inter, French domestic airlines, and the general congestion of French airports. Several airlines have had to cancel flights to and from France. Cloudy skies, Page 14

Kinnocks detained

British opposition Labour Party leader Neil Kinnock and his wife Cheryls were detained at gunpoint for an hour by Zimbabwean soldiers when they arrived at Mutema airport from Mozambique. Because of a mix-up, no officials were there to meet the party when it arrived at dusk on a Zimbabwe Air Force plane.

Mandela concert halted

Riot police armed with batons and gas masks halted a music festival to commemorate the birthday of jailed black South African leader Nelson Mandela, 70 today. Page 6, Editorial comment, Page 12

UK-Israeli row flares

A diplomatic dispute erupted between Britain and Israel after David Mellor, UK Foreign Office Minister, was reported to have compared Israel's policy towards Palestinians with Pretoria's treatment of blacks.

Mass rally in Yerevan

Hundreds of thousands of people joined a mass rally in Yerevan to back Armenian demands to take over the Nagorno-Karabakh region in the republic of Azerbaijan as an Armenian delegation went to Moscow for talks.

Palestinian shot dead

An Israeli soldier shot dead a Palestinian who tried to snatch his gun in Tel Aviv, the first killing of an Arab inside Israel since the uprising in the occupied territories began seven months ago.

Riots in Hyderabad

Police imposed a curfew after at least five people were killed and more than 20 injured in ethnic riots in the southern Pakistani town of Hyderabad.

20 hurt in chemical blast

About 20 people were admitted to hospital complaining of headaches, vomiting and sore throats after a tank exploded and caught fire at an Italian chemical plant sending a cloud of black fumes over nearby towns. Thousands marched to the plant to demand its closure, called for by 80 per cent of local people in a referendum late last year.

German bank merger one step nearer after talks

CHANCES of a merger between Westdeutsche Landesbank and Glasche Lehnbank, jointly owned by the North Rhine Westphalia and Hesse state governments, came a step closer last week after talks between the two states' prime ministers. Combined they would create West Germany's second biggest bank with total assets of DM227bn (\$122bn). Page 15

GOODMAN Fielder Wattie

America's largest food company, is understood to have gained support from a group of eight international banks to finance a £1.5bn (\$2.5bn) bid for Rank's Horvis McDougall, the British bakeries and foods group later this week. Page 15

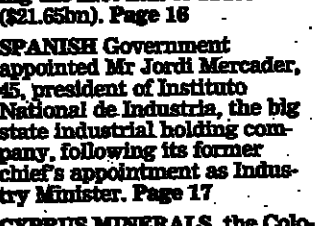
EUROPEAN Monetary System

The Dutch guilder was weaker against the D-Mark last week, prompting the Dutch central bank to increase certain money market interest rates. The Belgian discount rate was also increased as central banks moved to counter the effects of higher West German rates.

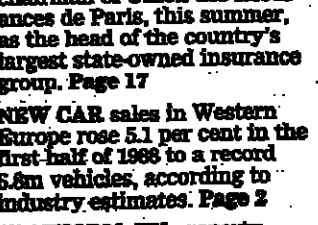
Pressure on the weaker currencies

was contained however by the D-Mark's continued weakness against the dollar. The Bundesbank and the Bank of Italy intervened on several occasions, selling dollars, but the D-Mark still finished weaker.

EMS



ECU Divergence



Limit ECU Day Parity Position

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the ECU) may move by more than 2% per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU), itself derived from a basket of European currencies.

FRANCE-GREEK talks

France's foreign minister arrived in Athens for a visit to include talks on last week's ship massacre and Greece's claim that a Frenchman took part in the deal blocked, Page 14

No date set for meeting with Dukakis as Democrats gather

Jackson position casts cloud over convention

By Stewart Fleming and Lionel Barber in Atlanta, Georgia
THE DEMOCRATIC National Convention opens in Atlanta, Georgia today with unresolved disputes between Governor Michael Dukakis and the Rev Jesse Jackson casting a shadow over party hopes for the unity needed for victory in the November presidential election. Senior advisers to the rival camps held talks in the early hours of Sunday morning. They sought to agree on Mr Jackson's demands for a wide-ranging role in the autumn presidential campaign for both himself and his supporters and influence in shaping a possible future Dukakis administration. The meetings continued yesterday, but no date had still been set for a "summit" meeting between the two leaders. Governor Dukakis is assured of winning the presidential nomination, having won control of the votes of a majority of the convention delegates. Mr Jackson, however, although a clear loser in the primary elections, has used his position as runner-up to steal the limelight in the run-up to the convention. Governor Dukakis has been virtually invisible, by contrast, grappling in Boston with the state budget of Massachusetts, the state of which he is governor. Mr Jackson's brinkmanship poses a dilemma for Mr Dukakis, whose choice of Texas conservative Senator Lloyd Bentsen as his vice-presidential running mate signalled that his election strategy is to recapture the swing vote among whites which has drifted away from the Democrats in presidential elections in the past 20 years. Over the past several days Mr Jackson, the black civil rights leader from Chicago and leader of the liberal wing of the party, has sent tantalising hints of a willingness to compromise. "Our challenge is to find common ground," Mr Jackson told 5,000 reporters gathered in Piedmont Park, Atlanta, on Saturday evening. "It's not about concessions or conquests." The manner in which Governor Dukakis handles Mr Jackson has lent a dramatic quality to this week's gathering. For while the rivalry will not degenerate into the ugly, heated exchanges of earlier Democratic conventions, it has created great anxiety among the 5,000 delegates assembled in Atlanta. This is not least because it has become the focus of interest among the 13,500 journalists and television reporters who are shoehorned into the city's convention hall. Governor Dukakis has ordered his campaign chairman and former Harvard University classmate Mr Paul Bruntas and his campaign manager Ms Susan Estrich to lead talks with the Jackson camp. Observers take this as proof of the degree of seriousness with which he views the threat of disruption from the unpre-



Jackson: "Our challenge is to find common ground"

dictable, rhetorically gifted black leader. If the Massachusetts Governor can contain Mr Jackson, he could emerge as a much stronger candidate in the eyes of the American public, to whom he was a virtual unknown a year ago.

Brazil to pay off interest arrears

By Stephen Fidler in London and Ivo Dawson in Rio de Janeiro
BRAZIL is expected to erase all interest arrears with foreign bank creditors by the end of the month, bringing it up to date on its commercial bank debt for the first time since it declared a debt moratorium in February last year. The announcement of the move could be made today, when Mr Malen da Nobrega, Brazil's Finance Minister, meets commercial bankers in London as part of efforts to gain support for a record debt rescheduling accord. Brazil is understood to intend to pay interest on weak totalling several hundred millions of dollars, bringing it up to date until the end of this week on its repayments schedule. A \$500m bridging loan for Brazil, put together by the 14 Western countries which comprise the Paris Club of creditor nations, is also expected to be announced soon. The loan is being made to tide the country over until an International Monetary Fund loan is disbursed, expected by the end of October. The Paris Club is scheduled to meet next week to discuss a rescheduling of Brazil's debt, including interest obligations of \$5bn originally due in 1987-88. The Western nations want the bridging loan to be seen as practical support for Brazil following its abandonment of its interest moratorium, and hope to avoid the suggestion that it is financing interest payments to the commercial banks. The moves, which should clear the way for an upgrading in the status of Brazilian loans by many banks, are likely to smooth the way for the debt package which includes a 20-year rescheduling of \$62bn in bank loans and \$5.2bn in new money. The agreement of a "partial moratorium" - about 50 per cent by value - of more than 700 creditor banks is needed for the agreement to become effective. At today's meeting, Mr da Nobrega and the leading bank creditors responsible for the accord will be trying to impress on banks the innovative nature of the package and the prospects for significant cash-flow benefits to them. Interest payments to banks from 1987 until the end of 1989 are estimated to exceed \$20bn, compared with the \$5.2bn in new funds being requested. The agreement also includes schemes which could cut Brazil's \$80bn bank debt by more than 10 per cent. Brazil's external economic position continues to improve, with exports surging to the record monthly level of \$3.1bn in June. Officials predict a 1988 trade surplus of US\$1.5bn, a figure thought conservative in some quarters, with exports reaching \$30bn. However, inflation is accelerating. Preliminary estimates put July inflation at about 23 per cent, sharply up from 19.5 per cent last month. Officials at the Planalto Palace have denied claims that President Jose Sarney is now arguing for a new price freeze, in conflict with Mr da Nobrega. Argentine mission, Page 2

Bundesbank set to lift interest rates after dollar's rise

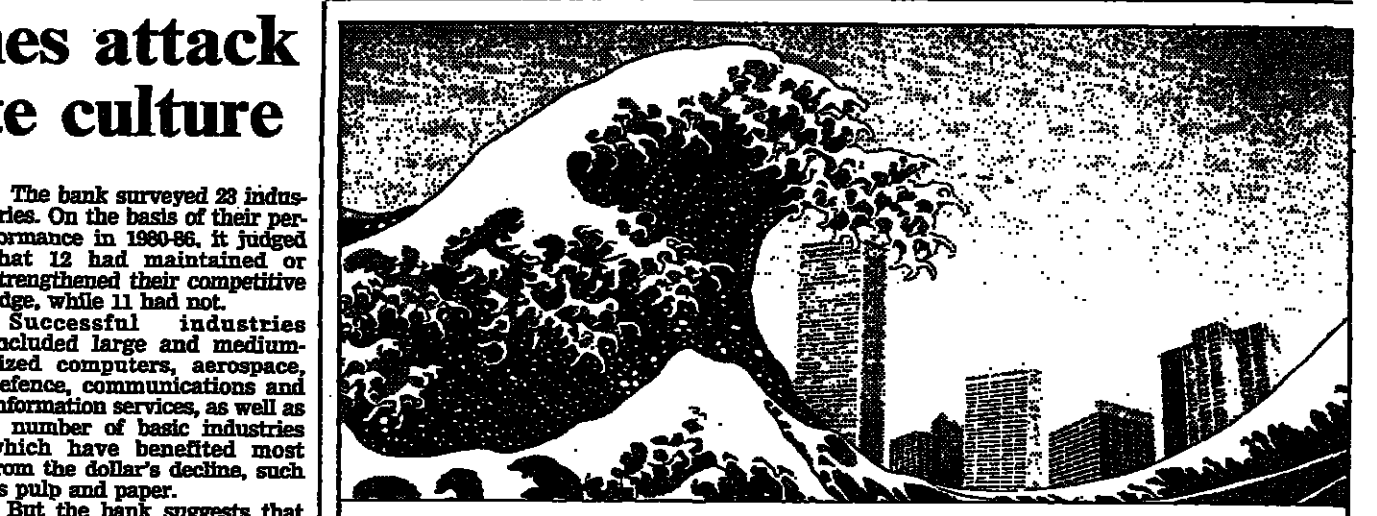
By David Marsh in Bonn and Simon Holberton in London
THE WEST GERMAN Bundesbank looks set to raise interest rates soon following the fresh rise of the dollar to about DM1.88 after Friday's better than expected US trade figures. Such a move would intensify pressure on the UK authorities to raise base lending rates again. Last Friday, UK money market interest rates were discounting another 1/4 percentage point rise in base rates, which stand at 10 per cent. A senior Bundesbank official said: "If the dollar continues its strong move upwards, it is certain we will have to react with [higher] interest rates." The bank raised its discount rate to 3 per cent from 2 1/2 per cent at the end of last month, and has been selling large amounts of dollars recently to try to brake the US currency's rise. The West German central bank is examining an increase in its key money market rate, for securities repurchase agreements, currently set at 3 1/4 per cent, amid fresh concern at the bank over the impact of the D-Mark's weakness. This could be the prelude to a fresh rise in the discount rate, depending on foreign exchange market developments. In London, another rise in UK base rates is understood to be under active consideration by senior officials at the Treasury and the Bank of England. The decision to raise rates rests, however, with Mr Nigel Lawson, the Chancellor of the Exchequer. The Government could face presentational difficulties if it decides to raise rates this week. It would not want to give the impression of being panicked into the decision as a result of the clamour of market analysts. Last week's rise in short-term money market rates was a result of the strength of the dollar and reports that the Treasury thought inflation would peak at 6 per cent early next year. There are few, if any, signs that the UK is slowing down while there is ample evidence to suggest that the pace of output has been maintained at a very strong level. This has heightened concerns in UK financial markets over a break-out in inflation. Today, figures for retail sales in June will be released and they are expected to show that sales remain buoyant.

Falling asleep at work 'is good for you'

By John Gapper in London
IF YOU are in the middle of a particularly long and trying day in the office, it is in your employer's interest that you take a nap. But the nap will not stop you feeling tired. A study by researchers at the University of Pennsylvania has found that two-hour employee naps are a good way for a company whose workers are involved in "prolonged wakefulness scenarios" to get the best out of them. It also found that the employee's temper - measured by 24 "mood parameters" - is unlikely to have improved when he or she wakes up, even though performance will improve notably. Perhaps sensitive to the accusation that naps are not the proper stuff of academic study, the researchers insist that a growth in work around the clock means that finding a way of avoiding employee doze is a "non-trivial goal." As examples of where naps might come in useful, they cite the launch of a manned space flight, fighting a forest fire and trying to prevent a nuclear power plant disaster. Where you take your nap in such circumstances is not specified. The researchers say the lessons learned by subjecting 27 men and 15 women to 54 hours of wakefulness during which each had to perform a variety of mental tasks, broken by one two-hour nap, apply more generally as well. Employers who scoff at naps are "courting disaster," says the study. "To search for effective strategies, such as napping, that permit work while minimising the effects of sleepiness is consistent with good planning and management." The study also found that having decided to allow yourself forty winks, it will benefit your employer that you take a nap as quickly as possible. This is what the researchers define as a "prophylactic nap." They noticed that their subjects performed better for more hours when the nap was allowed early on in the 54-hour period, despite the fact that the prophylactic nappers got less and shallower sleep. The study, which was partly sponsored by the US Office of Naval Research, concludes that "napping holds considerable promise for real-world quasi-continuous work scenarios." Next time you come across a forest fire, you will know what to do.

Japanese bank launches attack on American corporate culture

By Stefan Wagstyl in London
A LEADING Japanese bank has published an unprecedentedly critical report on US industry, arguing that American corporate culture is largely to blame for America's loss of international competitiveness. The publication of the study by the Industrial Bank of Japan highlights a new-found willingness among top Japanese economists openly to criticise US corporate performance. A few years ago, many Japanese, let alone Americans, would have thought it preposterous for a Japanese institution to pillory the US in this way, given Japan's dependence on the West for its markets. The bank argues that American companies tend to ignore long-term goals for the sake of short-term financial results and concentrate on the home market at the expense of exports. As a result, while the fall in the dollar has helped some industries to recover their price advantage in world markets, others have lost a technological lead which it will take time to restore. The bank warns that even with the dollar at ¥120 (below current levels) the US would continue to have a trade deficit of more than \$100bn a year until after 1990. "It is predicted that the dollar will remain weak, and the US will be inclined to take further protectionist measures," says the bank in a reference to the protectionist-inspired Trade Bill currently under consideration in Washington. "Antidumping regulations and other retaliatory actions may be taken against Japanese products in increasing number," warns the bank. This is a remarkably bleak comment coming from a country where economists usually try to be positive about world trade - mindful of Japan's dependence on exports. The bank surveyed 28 industries. On the basis of their performance in 1980-86, it judged that 13 had maintained or strengthened their competitive edge, while 11 had not. Successful industries included large and medium-sized computers, aerospace, defence, communications and information services, as well as a number of basic industries which have benefited most from the dollar's decline, such as pulp and paper. But the bank suggests that the industries in which competitiveness has been lost are more important because they include key industries such as iron and steel and semiconductor - on which the performance of industry as a whole depends. In microelectronics technology, the US has lost its lead to Japan. Other industries which have been losing their edge are cars, consumer electronics, personal computers



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Cardenas challenge
Bishops gather
Champion snail eater

Case, UK computer networking company fighting a \$52m (\$6m) takeover bid from Gairdair Technologies of Canada, issued a defence document. Forecasting a sharp rise in dividend payments this year, to 2.25p net up from 0.75p. Page 16

France's foreign minister arrived in Athens for a visit to include talks on last week's ship massacre and Greece's claim that a Frenchman took part in the deal blocked, Page 14

Continued on Page 14

OVERSEAS NEWS

Bonn welcomes Warsaw Pact appeal for early talks on conventional arms

By David Marsh in Bonn and Christopher Bobinski in Warsaw

WEST GERMANY has warmly welcomed an appeal by Warsaw Pact leaders for early talks on conventional arms in Europe.

East and West in a statement issued yesterday on behalf of Chancellor Helmut Kohl.

The statement welcomed in particular the Warsaw Pact's reference to reducing "asymmetries" in conventional forces.

Mr Hans-Dietrich Genscher, the West German Foreign Minister, hailed these ideas.

Mr Mikhail Gorbachev a week ago. The Soviet leader called for a pan-European summit and offered to withdraw equivalent aircraft from Eastern Europe if Nato would do the same.

Mr Gorbachev's week ago. The Soviet leader called for a pan-European summit and offered to withdraw equivalent aircraft from Eastern Europe if Nato would do the same.

garian leader, linked the issue of the F-16s to the possible reduction of the Soviet military presence in his country.

Setback for New Caledonia peace plan

By Paul Bebb in Paris

THE peace process in New Caledonia faced a setback at the weekend after the Matanean separatist movement FLNKS failed to endorse the French Government's latest conciliation plan for the troubled French Pacific territory.

At a two-day convention, FLNKS militants sharply criticised the plan approved last month by their leader, Mr Jean-Marie Tjibouo, and the leader of the pro-French European loyalists, Mr Jacques Lafleur.

The FLNKS decided to adjourn the convention until next week to try to hammer out a compromise between the different factions inside the separatist movement, which is deeply divided on the issue.

These divisions and the failure of the FLNKS to endorse the latest conciliation plan are a blow for the new French Government of Mr Michel Rocard.

The Socialist Prime Minister had scored an initial political success by managing to persuade the two leaders of the rival communities in New Caledonia to accept the new plan last month after an eruption of violence in the territory during the 1988 French presidential elections.

But the FLNKS divisions and criticisms of the plan could unsettle the peace process. The main provisions in the plan involve direct French administration of the territory for a year, the division of New Caledonia into three separate regions with additional financial and economic support for the poorer Metropolitan communities, and the organisation of a new referendum on self-determination in 10 years.

The plan is to be submitted to a national referendum in France this autumn, probably to coincide with the national elections on September 28. The FLNKS militants have been especially critical of the proposals for the decisive referendum in 1996 on the future of the territory. They object to the plan to entitle all residents voting in this year's proposed national referendum to vote in the 1996 referendum on self-determination.

They claim that under these circumstances the European loyalist community will continue to have a majority.

Left wing seeks to quash Mexican result

By David Gardner in Mexico City

THE LEFT-WING nationalist who challenged for the Mexican presidency this month, Mr Cuauhtémoc Cárdenas, has launched a national protest campaign to overturn the official result of the election.

He addressed a weekend rally of 300,000 militant supporters in Mexico City.

The electoral commission, in which the regime is strongly represented, last week declared the ruling Institutional Revolutionary Party (PRI) candidate, Mr Carlos Salinas de Gortari, the winner.

Mr Cárdenas insisted that the verdict was a "technical coup d'état." He would "not recognise a government which has usurped power."

The opposition leader began his post-poll thrust in Mexico City's central Zócalo Square, the seat of government. The attendance at the demonstration was bigger than for his broad-based coalition's last campaign rally three weeks ago. It was described by several Mexican political analysts

as the biggest and most militant show of opposition strength since the 1988 student rebellion. The comparison is ominous in that the movement of 20 years ago ended in a massacre by the army.

However, the gathering on Saturday exuded a sense of victory over the 71-year-old regime. Even if the official results of the presidential and congressional election on July 6 are accepted at face value, the PRI has suffered the biggest political setback of its history.

Mr Salinas officially took 50.4 per cent of the ballots cast (9.8m votes of a potential 38m electorate), against 31.1 per cent credited to Mr Cárdenas and 17.1 per cent for the candidate of the right-wing National Action Party. This was by far the worst performance in the regime's unbroken sequence of 15 wins since the end of the revolution of 1917.

Mr Cárdenas claims he won, and has declared himself president-elect.

Today he will begin a national tour, which "aims to demonstrate, through permanent mobilisation in every city and town in Mexico, that there is no national consensus behind Salinas and that [the election] was a fraud," said Mr Luis Sanchez Aguilar, leader of the small Social Democratic Party, part of the Cárdenas coalition.

In a speech which tried simultaneously to be a programme for government and a manifesto of opposition, Mr Cárdenas said: "We will fight to the end through legal channels but we must be clear that the problem we confront is principally political."

In a considered attempt to stave off international recognition of Mr Salinas as victor, he devoted six paragraphs of his speech to future relations with Washington, which he said would return to a "good-neighbour basis of dignity and mutual advantage."

So far as is known, only the US, Spain, Nicaragua and Ecuador have sent letters of congratulation to Mr Salinas.

The strength of the Cárdenas rally is not a surprise, given his coalition's resounding electoral wins in the capital and elsewhere in central Mexico. However, these proven areas of strength in the country will not remove all the difficulty the movement has in showing itself to be truly national, much less establish in the streets that it won the election.

If it fails, the PRI will probably seek to ignore its complaint; if not, the regime is likely to use all its resources against the Cárdenas people. While attempting upheaval, the disgruntled coalition will be turning Mexico into a tinder-box.

One senior PRI leader close to Mr Salinas said before the weekend rally: "We have to widen our constituency and make sure the other half [opposition] doesn't become polarised. We will have to go very carefully and be very respectful."

Argentine mission in US to discuss new financing

By Our Financial Staff

AN Argentine mission, led by Mr Mario Eroderson, Treasury Secretary, and Mr Jose Luis Machuca, central bank president, has arrived in the US to discuss new financing, including an International Monetary Fund package.

The country, which faces a shortfall in foreign exchange to service its \$58bn (\$24.7bn) foreign debt, is understood to be on track to secure an agreement in principle on a new IMF package by the end of the month.

The team hopes the new IMF package, including fresh funding, will cover the remaining term of the present Government, which is to end in late 1993.

A bridging loan from Western governments, led by the US, is thought likely to be on the agenda.

A current letter of intent between the Argentine Government and the IMF, signed in February this year, includes

measures aimed at controlling the economy, but has already gone off course.

Interest payments for 1988 were estimated earlier this year to be about \$4.5bn, although higher US interest rates will have added to that burden.

Argentine grain and soybean export prospects have dramatically improved in the last month, because of the drought in the US.

This has enabled estimates of the country's 1988 trade surplus to be revised upwards to as much as \$4bn. Some forecasts suggest next year's surplus may be as high as \$8bn, as the effect of higher beef prices feeds through.

However, those benefits have yet to flow in as Argentine farmers hold back export sales in anticipation of further price gains.

Payments for the second half of April, due last week, are still awaited by banks.

Rulers seek tax break for white-collar Japan

Ian Rodger reports on a fiscal reform initiative to harmonise with demographic changes

Within the next few days, barring any unforeseen hitch, Japan's ruling Liberal Democratic Party (LDP) will convene a special session of Parliament to legislate an overhaul of the tax system.

The Government's reform plan is highly controversial. Most political analysts in Tokyo expect an unusually noisy and heated debate, with the outcome by no means certain, not least because of the profound impact the plan could have on Japanese politics.

It includes measures to revise taxes that discriminate against imported liquor and cars, which have long irritated European governments.

MAIN ELEMENTS OF THE GOVERNMENT'S PROPOSALS

• A 3 per cent consumption tax will be introduced, with the value-added computation based on companies' books rather than on invoices. Small businesses with annual turnover of less than ¥20m are exempt, as are financial transactions, medical services under the national health insurance plan and school tuition fees.

• National income tax rates will be reduced from 12, ranging from 10.5 per cent to 60 per cent, to five, ranging from 10 per cent to 50 per cent. Local resident income tax rates will be reduced from seven, ranging from 5 to 16 per cent, to three, ranging from 5 to 15 per cent. Exemptions for dependents will be increased and the tax-exemption floor raised.

• Capital gains on securities transactions will be taxable either at the rate of 20 per cent of the gain or at the rate of one per cent of the value sold.

• Corporate income tax base rate will be reduced from 42 to 40 per cent and then to 37.5 per cent. Small-business tax rates will be lowered from 30 to 29 and then 28 per cent.

• The minimum taxable level on inherited property will rise from ¥20m plus ¥4m per legal heir to ¥40m plus ¥4m per legal heir.

• General capital gains tax. This thrust by the LDP fits the Finance Ministry's long-held dream of raising the proportion of national revenue that comes from indirect taxes. The ministry sees indirect taxation as providing more stable income than direct taxation, and the LDP has come to accept the former as the best way to offset most of the estimated ¥6,000bn (¥27bn) a year it proposes to concede in income tax cuts.

Japan's tax system, established by the US occupation authorities in the late 1940s, is based heavily on taxes of personal income and corporate profits. Last year, 70.4 per cent of government revenue came from direct taxes.

who still claim to be farmers now earn most of their money in other ways. Meanwhile, the white-collar population has been growing rapidly.

LDP leaders want to increase the party's appeal to the "salaryman" class. An obvious way to do that is to reduce the taxes such people have to pay. So one of the pillars of the Government's reform plan is a substantial reduction in rates of tax on income and corporate profits.

The comparable UK figure is 56 per cent.

Japan's income taxes are not high by international standards but tend to fall unequally on blue- and white-collar workers, whose income taxes are deducted at source, while farmers and the self-employed have means of minimising their payments. Tax rates start at a low level and rise steeply through narrow bands.

Salaried workers have become resentful of this inequity, not least because of the Government's recent proposals, and are warming to the idea of tax reform.

However, the farmers and millions of other small business people in the country are not happy about the proposed 3 per cent consumption tax. It would bring many of them into the tax net for the first time, giving the Government a better idea of how much they earn.

Mr Takeshita and his associates have learned from past mistakes and prepared for the battle with care. They have launched big public information campaigns and taken the time in parliamentary hearings to let every interest group have its say.

The Government has cleared issues which the opposition might use during the parliamentary debate. The budget has been approved and economic policy set. A long list of trade disputes with foreign governments has been settled, and the word has gone out to the US, the EC and others that, if they have any new complaints, they would be wise not to present them in the next few months.

By tradition, if all the opposition parties are opposed to a measure, the LDP does not try to use its majority to force through a piece of legislation. Thus the LDP's main tactic is to try to convince at least one of the opposition parties to line up with the Government.

If the talks succeed, Mr Takeshita will be in a strong position.

However, one of the DSP's conditions - that the Government treat the tax cuts and consumption tax separately - remains a sticking point.

FINANCIAL TIMES

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53.000.000 ORDINARY SHARES

Table listing various banks and financial institutions such as Banco Central, Banco Español de Crédito (BANESTO), Banco Vizcaya, Banco Hispano Americano, etc.

United States American Depository Shares (ADS)

List of financial institutions in the United States including Goldman Sachs & Co., Morgan Stanley & Co., etc.

Other markets

List of financial institutions in other markets including S.G. Warburg Securities, Baring Brothers & Co., etc.

Arranged by: Infoleasing, Adviser: Baring Brothers, Beta Capital



INI - INSTITUTO NACIONAL DE INDUSTRIA

Public Offers of Shares
ENDESA - Empresa Nacional de Electricidad, S.A. 74,200,000,000 Pesetas
ENCE - Empresa Nacional de Celulosas, S.A. 17,603,750,000 Pesetas
GESA - Gas y Electricidad, S.A. 8,221,600,000 Pesetas
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OVERSEAS NEWS

Pakistan 'still arming rebels in Afghanistan'

By Christina Lamb in Peshawar

THE Afghan resistance has revealed that the recent halt in the flow of American arms from Pakistan to the Mujahideen rebels was due to the presence of UN mediator Mr Diego Cordovez, and that supplies have now resumed.

Pakistan, backed by Washington, has denied repeated claims from Moscow and the Kabul regime that it is violating the accord.

Former Foreign Minister Mr Zain Nounari, who represented Pakistan at Geneva, refused to comment on whether Pakistan ever seriously intended to uphold the accord, fearing imprisonment under the Official Secrets Act.

According to a western diplomat in Islamabad, "the whole world knows that Pakistan is supplying arms and more. But there will never be any official finding because the complaints are all in tribal areas which the UN teams need government permission to enter. Pakistan provides them with an armed escort who ensures they see nothing".

Hong Kong moves to control money supply

By David Dodwell in Hong Kong

THE Hong Kong Government has moved to take more direct control of money supply and interbank interest rates. The measures stop short of setting up an institution similar to a central bank but are aimed at solving problems arising from the lack of one.

They are intended to reduce the vulnerability of the local currency to foreign speculative pressure, and to eliminate conflicts of interest felt by the Hongkong and Shanghai Banking Corporation, which now acts as the Government's agent in the interbank market.

With effect from today, new accounting arrangements will be introduced making the Exchange Fund, which holds the Government's inner reserves, the ultimate provider of liquidity to the interbank market. At present, the Hongkong Bank performs this role on the Government's behalf.

"The changes give the Hongkong Bank greater freedom to pursue its commercial interests in case these are in conflict with its responsibilities acting in the market as our agent," a government spokesman said.

Under the new arrangements, the Hongkong Bank will maintain a Hong Kong dollar account with the Exchange Fund in which it will aim to maintain a balance not less than the net clearing balance in the rest of the banking system. It will be charged interest on any shortfall from the equilibrium point.

As a result, if a major client seeks to borrow a big sum in HK dollars from it, it will borrow a similar sum elsewhere to keep its Exchange Fund balance in equilibrium with the net clearing balance of the interbank market.

Spanish jump gun on Israeli tariffs

By Our Jerusalem Correspondent

SPAIN has broken ranks and offered to implement bilaterally tariff reductions on its industrial trade with Israel which have been delayed twice by the European Parliament.

The cuts are designed to adapt the new members Spain and Portugal to the rest of the European Community, which is in the process of bringing industrial tariffs with Israel down to nil in both directions by January 1 1989.

Spain is at a competitive disadvantage to its Community partners. Two broader protocols compensate Israeli flower growers for the entry of Spain and Portugal, and offer Israel an Ecu 73m (\$84m) development loan over five years.

An agreement was initiated in December 1986 and recommended by the 12 EC governments a year later, but the necessary ratification was stalled because of widespread dissatisfaction among Euro-MPs with Israel's response to the *intifada*, the Palestinian uprising in the occupied West Bank and Gaza Strip now in its eighth month.

Community diplomats predict that Spain will come under strong pressure from its 11 partners to toe the line.

Israeli officials estimated yesterday that the proposed reductions could mean about \$30m a year in extra business to Israeli exporters, who now sell about \$125m worth of electronic and other manufactured goods annually to Spain.

A recent European Community study suggested that there was scope for expansion in Israeli exports of specialised electronic and medical equipment to Spain, either through direct sales or through joint ventures.

Madrid, for its part, hopes for a much bigger increase in its sales of Seat cars in Israel. The tariff cuts would make them highly competitive with Japanese, British and other European models at the cheaper end of the market.

The Spaniards already have an edge in lower labour costs and are geared to sales around the Mediterranean.

Their current exports to Israel are worth about \$100m a year, mostly in cars and chemicals.

Crusading for black respectability

Joe Rogaly gets the message from a Baptist church in Atlanta

I HAVE news for the Archbishop of Canterbury. He ought to have been at the Ebenezer Baptist Church in Atlanta, Georgia, this morning. The first thing he would have seen was a long queue to get in. These queues do not exist outside Dr Runcie's churches.

The second thing he would have seen at this, the spiritual home of Martin Luther King Jr, was "Sujoy", or the Rev Susan D. Johnson.

"Sujoy" is a 31-year-old New York black woman who has expanded her ministry in Manhattan beyond all expectations since she became pastor in 1983. With her powerful sermon, she would certainly give the Archbishop a new view on the ordination of women.

"I joined my femininity to His Divinity" she said at the beginning and, at the end, "I got my thrill but it wasn't on Blueberry Hill - it was from God."

"Stick with it," she told the

congregation at Ebenezer this morning. "Turn to your neighbour, shake hands and say, 'stick with it.'" She used the story of Ruth and Naomi to show how women should stick with it and her own story to say how someone who was young, black and female could aspire to awards and honours, and feature articles in the major newspapers and magazines.

It was an extraordinary Baptist ceremony in the shrine of black America, where Martin Luther King and his father both used to preach and where the King daughters are now preachers. Several delegates to the Democratic Party convention, including a number of senators, had joined the queue, along with the handclapping and the yelling and the swelling feelings as the massed choir of exquisite black ladies in long white silken dresses with pink bows celebrated Women's Day at Ebenezer.

Sujoy's message was directed

at self-help and self-respect and walking tall and feeling for the love of God. The briefer message by Joseph L. Roberts Jr, who is the regular senior pastor at Ebenezer, was directed at the quarrel between the Rev Jesse Jackson and Governor Michael Dukakis, here at the convention.

"When you work hard and you win a prize you deserve at least a phone call," said Rev Roberts. He was referring to Mr Dukakis' failure to notify Rev Jackson that he had chosen someone else as his vice-presidential running mate.

"We are getting used to this kind of thing," he said, "but we don't have to take it sitting down." The Ebenezer crowd of plump, well-dressed middle-class blacks rose to its feet and shouted and clapped its approval.

Pastor Roberts has a quicksilver tongue. When I told Sujoy as we left the church that I was going to pass a message about her to the Arch-

bishop of Canterbury, Pastor Roberts came in like lightning: "We've got to get this Runcie straight," he said, "Yesir!"

All this may seem some distance from the politics of the Democratic convention. But having been to the Ebenezer this morning and to the Jackson rally in Piedmont Park to watch the hero arrive with a three-helicopter escort yesterday, what is absolutely clear to me is the answer to the question, "what does Jesse want?"

He wants a hug. What black America wants is a symbolic hug from white America to say, "some of your people are making it and when they do they become a totally accepted part of our society."

The Ebenezer congregation represented a respectability at least as tangible as anything seen in Lambeth Palace. But the hard fact is that to most white Americans they are still what they always were - just blacks.

Iraq takes harder line on peace

By Robin Allen in Baghdad

PRESIDENT Saddam Hussein appears to be hardening Iraq's conditions for ending the Gulf war following Iraq's successes of the last three months.

In a televised speech marking the 20th anniversary of the Baath Socialist revolution, the President said: "After eight years of war, Iraqis are now standing on the peak of victory."

Peace, he said should be based on five principles he said were included in the UN Security Council resolution 598 on July 21 last year. This called for a ceasefire, withdrawal to internationally recognised borders, the exchange of prisoners of war, and an investigation into which side was responsible for the war.

He insisted that a peace settlement allow for Iraq's "full utilisation" of the Shatt al-Arab waterway.

Tunisia's tourism sector turns up trumps

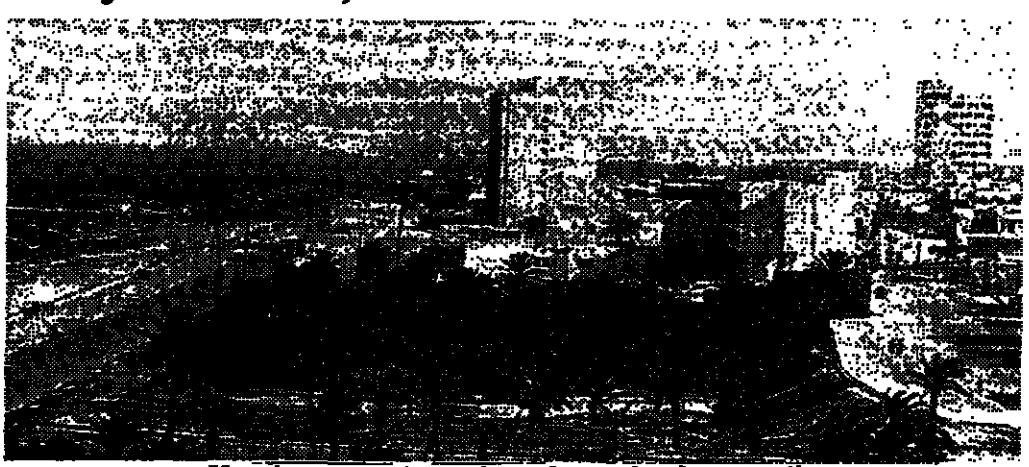
Francis Ghiles, recently in Tunisia, reviews the results of shifts in attitudes and policy

Tunisia's tourism industry turned in a star performance last year as 1.87m foreign visitors earned North Africa's smallest country 563.8m Tunisian dinars (\$640m), a 45.8 per cent increase compared with 1986 figures. The boom continues with foreign earnings improving by a further 69 per cent during the first six months of 1988 to reach T.D383.8m.

The achievement is remarkable even if allowances are made for the devaluation of the dinar, which has lost 30 per cent against the French franc and 12 per cent against the dollar over the past two years.

Tourism has thus regained its position as Tunisia's major hard currency earner. The collapse in the price of oil, which played that role until 1986, also helps to explain this reversal of roles.

Tourism has also come of age. Five years ago, when the Palestine Liberation Organisation (PLO) moved its headquarters to Tunis, many holidaymakers cancelled their bookings. However, the



More investment in hotels as the tourism boom continues

Israeli bombing raid on the PLO headquarters in 1985 and this April's assassination of the PLO's military commander, Abu Jihad, had little effect on bookings.

This has convinced senior officials that Tunisia is now accepted, alongside countries such as Spain and Greece, as an established and "normal" Mediterranean destination.

Tourism is important not only because of the foreign

currency it earns, but also because of the employment it creates - 41,000 hotel staff, 180,000 indirect jobs in transport, catering and handicrafts, providing a livelihood for more than 800,000 people, substantial in a country with a population of 7.5m people.

Hotel construction provides considerable support for the building sector, all the more important at a time when austerity has severely

depressed activity in this labour intensive sector.

Investment in hotels reached a peak of T.D105m in 1986 but declined by 25 per cent last year. This figure is expected to rise in the current year as the business community's confidence increases, fuelled by last winter's tax holiday.

The state, meanwhile, is divesting itself of the last few hotels it owns, creating a

competitive private sector. Tunisians are not alone in wishing to invest in this sector. The Kuwait Real Estate Investment Company has already built eight hotels which are managed through its Consortium Tuniso-Koweitien de Developpement.

Recently, Brent Walker became the second British company after Thompson to acquire a stake in a Tunisian hotel, in this case the Baie des Singes on the Gulf of Tunis. Brent Walker paid T.D5m for one third of the capital, the remainder going to private Kuwaiti interests.

The Tunisians face a major challenge in raising the necessary funds for ambitious plans to provide a further 100,000 hotel beds over the next 15 years but there is a firm belief that there is potential waiting to be tapped.

Only 3.3 per cent of all people travelling abroad on tours from Britain every year have ever been to Tunisia, a percentage which rises to 7.9 per cent in West Germany and 22 per cent in France.

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OVERSEAS NEWS

French group relies on innovation to move into other markets

George Graham reports on a bank which has explored many sectors long ignored by its traditional competitors

As the European financial services industry prepares for the arrival of the single European market after 1992, one expansion-minded French group, Compagnie Bancaire, is relying on innovation to spearhead its move into other European markets.

UCB, its home loans division, has entered the UK mortgage market, buying Commercial Credit Corporation in 1986 and multiplying its activity fivefold since then.

existing operation. In Spain, it has created a consumer credit operation, Fimestic, which is due to start operations at the end of the year, from scratch.

Table with 3 columns: Company, Country, % owned. Rows include Cetelem (France 69%), Cofina (France 68%), Fimestic (France 25%), Marina (Switzerland 24.15%), Fimestic* (Spain 23.65%), Fimestic** (Belgium 27.6%).

Percentage are total. * signed but not yet opening. ** signed but not yet opening.

Despite moves to deregulate the European market in financial services, Mr Lévy-Lang sees a long way to go before sectors such as home loans - which have traditionally been heavily protected through specialised financing circuits - are opened up.



ratios. We are obliged to match these. The ratings is particularly important because Compagnie Bancaire funds itself entirely by the market, and needs to secure the finest interest rates on its borrowings.

SHIPPING REPORT

Shot in arm for tanker trade

THE fall in crude oil prices last week gave a shot in the arm to the world tanker trade as energy companies responded by increasing their bookings in the Middle East.

Worldscale 50 for shipments to the East, according to F A Gibson Shipbrokers, an appreciation of 7% points over the previous week.

vessel obtaining Worldscale 87% for a voyage to the Mediterranean.

French anger at terrorism claim over student

GREEK suggestions that a French student who died in last week's attack on a cruise ship was a terrorist have provoked indignation in France.

Mr Vigneron was travelling with Miss Annie Andjean, who was also killed during the attack.

EC sets up tougher dumping rules

By David Buchan in Brussels

THE European Commission has drawn up tougher anti-dumping rules, partly because European industry is complaining that traditionally-imposed dumping duties fail to eliminate unfair price competition.

The Commission claims its new policy is no tougher than that practised in the US, where importers of products bearing anti-dumping duties have to sign affidavits that they alone will bear the cost of the duties.

It will be followed by an immediate price rise for the "dumped" goods, such a rise can immediately be delayed for months as previously stockpiled goods are sold off.

ers and tapes, televisions, artificial fibres, chemicals and microcomputers.

FT FINANCIAL TIMES INTERNATIONAL CONFERENCES 1988. The following conferences are among those being arranged by the Financial Times this Autumn. Commercial Aviation to the End of the Century - Expansion in an Era of Accelerating Change.

Telephones make Spanish tempers flare

A once-efficient system has all but collapsed, writes Peter Bruce

As the Spanish summer gets hotter, so do Spanish tempers. And with good reason. In the space of just a few months, it seems that Spain's telephone system, once one of the most efficient in Europe, has all but collapsed.

He has promised that more new lines will be in place by September. Spain has about 15.5m telephones and 10m lines. Telefonica is to install 1.5m new lines this year and 2.5m more next year.

is that this trouble has arrived along with record Ptas 53.2bn (2360m) profits for Telefonica last year and higher-than-ever investment - Ptas 300bn this year and Ptas 400bn next year.

Mr Solana's comfort in the short term at least, is that even worse trouble at the Post Office diverts some frustration away from Telefonica.

Italian unions in disarray over Fiat pay agreement

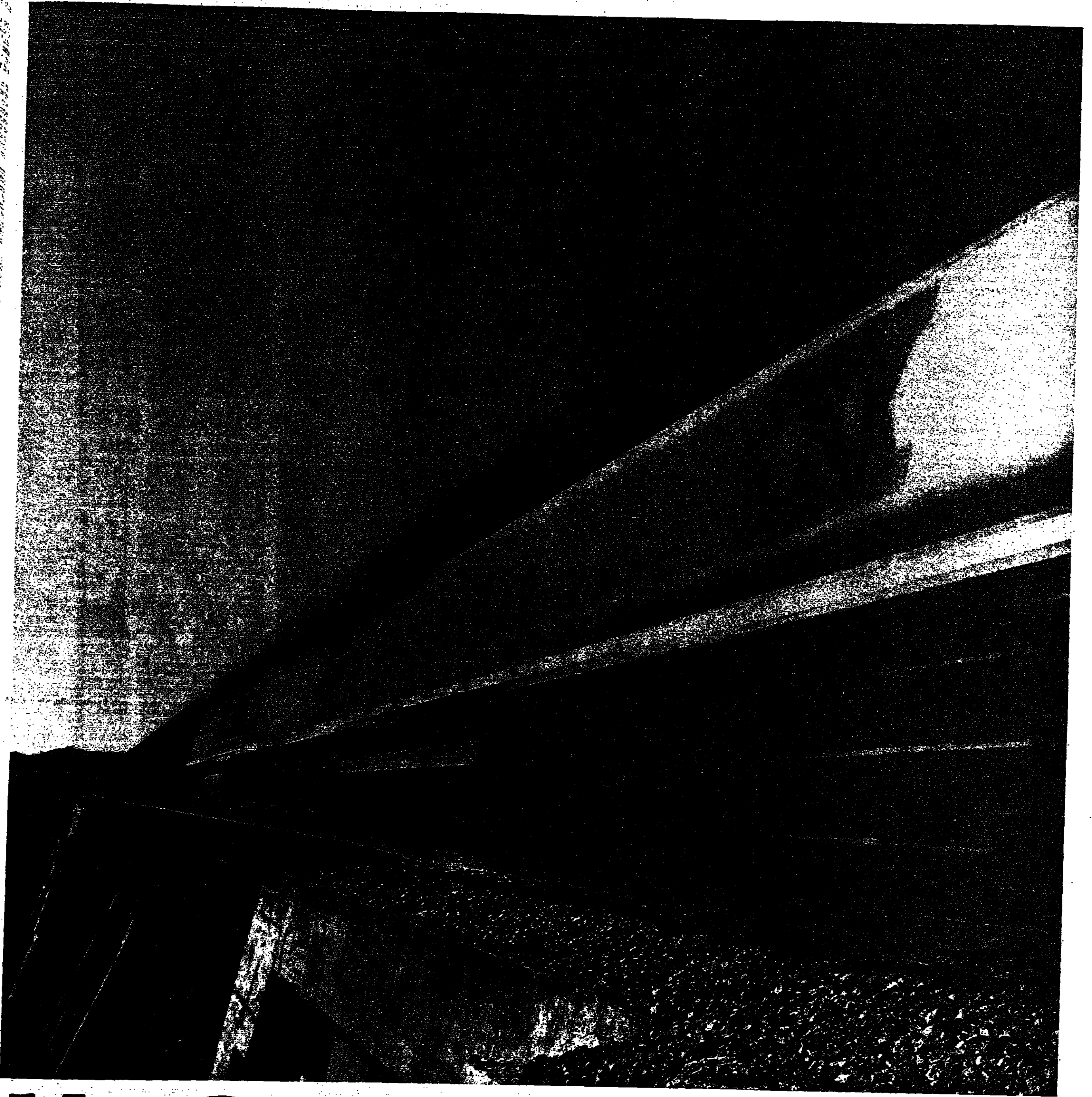
By Alan Friedman in Milan

ITALY'S TRADE union movement was facing disarray last night, following a weekend that saw two of the nation's three main unions signing a pay deal with Fiat, the largest private sector conglomerate.

The deal is a potentially historic agreement because the union leaders have agreed to a formula of pay rises tied to Fiat's profitability.

WORLD ECONOMIC INDICATORS. RETAIL PRICES (1980 = 100). Table with columns for Country, Year, and % change over previous year.

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SOUTH AFRICA AND THE ANC

Mandela marks 70th birthday still behind bars

By Victor Mallet in Lusaka

SEVENTY years ago today, the son of a Thembu chief was born in the Transkei in South Africa. Nelson Rolihlahla Mandela later left home to escape an arranged marriage, practised law in Johannesburg, led the African National Congress opposition movement, and went to jail.

Today, 36 years later, Mr Mandela is the world's best-known political prisoner. To mark his birthday, messages of support and congratulations from around the world, including a telegram from Mr Mikhail Gorbachev, the Soviet leader, have poured in.

The man, once called the Black Pimpernel for his underground political activities in the early 1960s, has become a potent international symbol for the aspirations of black South Africans.

Abroad, rock concerts are staged in his honour, and streets are named after him. In South Africa he is idolised by teenagers not born when he was imprisoned, and remembered by the old as an outstanding public speaker.

His loyalty to the ANC and its guerrilla tactics is unquestioned, but even the British Prime Minister, Mrs Margaret Thatcher - who referred to the ANC as a terrorist organisation last year - has urged President P. W. Botha to release him.

Mr Mandela was already in jail for another offence when he was sentenced to life imprisonment in 1964 for plotting violent revolution. He admitted helping to set up the ANC's armed wing, Umkhonto we Sizwe (Spear of the Nation) after the ANC was banned.

"This conclusion was not easily arrived at," he told the court at his trial. "It was only when all else had failed, when all channels of peaceful protest had been barred to us, that the decision was made to embark on violent forms of political struggle."

Mr Mandela's presence in jail and the possibility of his release raise difficult questions both for the South African Government and for the ANC leadership in exile.

President Botha does not



Mandela: No compromise

want Mr Mandela to die in jail a martyr, nor to emerge unbowed from Pollsmoor prison and galvanise South Africa's black majority into open defiance.

As for the ANC, the movement is often accused of finding Mr Mandela more useful in jail than out, but such an analysis ignores his close personal friendships with several ANC leaders. Mr Mandela and the current ANC president Mr Oliver Tambo opened South Africa's first black legal partnership in 1982.

What the ANC does not want is for Mr Mandela to be freed and then quickly silenced or restricted, thus taking the international pressure off Pretoria without giving the ANC the benefit of Mr Mandela's political leadership. The Government succeeded in precisely this approach last year when it unconditionally freed Mr Mandela's 78-year-old colleague, Mr Govan Mbeki, and then proceeded to restrict him.

ANC officials fear that the Government could do the same again and it is for this reason that the ANC is grateful for Mr Mandela's refusal to compromise. He has rejected offers of freedom which would commit him to rejecting violence or to living in the Transkei, and he has insisted on the abolition of apartheid and the unbanning of the ANC.

"I will remain a member of the African National Congress until the day I die," Mr Mandela said in 1985.

Editorial Comment, Page 12

Shadowy spectre at South Africa's troubled feast

Anthony Robinson in Johannesburg looks at the challenge presented by the ANC to white supremacy

THE SOUTH AFRICAN Government has, in a sense, become the captive of Nelson Mandela. His release, together with other jailed leaders and the lifting of bans on the movements they represent, has become the first pre-condition for any real progress on future black/white power sharing in South Africa.

Even Zulu Chief Mangosuthu Buthe, a fierce critic of the African National Congress (ANC) and involved in a bloody civil war with ANC sympathisers, refuses to negotiate with the Government until Mr Mandela and others are released. To do so, he says bluntly, would be to commit political suicide.

White "liberals" like veteran civil rights watchdog Mrs Helen Suzman add that if Pretoria does not negotiate with patriots such as Mr Mandela it will have to negotiate in future with the harder, younger men brought up not in the pre-1980 traditions of Christian patience and peaceful protest but the harsher disciplines of exile and the armed struggle.

For more than seven decades the ANC has been the spectre at the South African feast, its shadowy presence a potent token of black anger at exclusion from political rights and a fair share of the nation's wealth.

The ANC's strength lies in its historical roots as the principal vehicle of black nationalism. It derives its main support among the de-tribalised, urban dwellers of South Africa's black townships, both around the major cities and increasingly in the home lands.

The fatal shooting in March 1980 by police of more than 50 men, women and children demonstrating outside Sharpeville police station against the hated pass laws, marked the beginning of a new and more violent stage of the conflict between white fears of losing power and black aspirations.

Sixteen years after Sharpeville, the Johannesburg township of Soweto was again rocked by violence. On June 16, 1976 police fired into a crowd of school children protesting against the forced use of Afrikaans as the language of instruction. Officially, more than 500 died in the 18 months of violent protest which followed and thousands of youths disappeared, many to turn up in ANC training camps.

Eight years later, in September 1984, trouble in the townships flared again. As the revolt spread from the Vaal townships south east of Johannesburg, many of the "young lions" of 1976 returned as trained guerrillas of Umkhonto we Sizwe (Spear of the Nation), the ANC's military wing.

Their aim was to help put into practice the ANC's oft-repeated demand, to "make South Africa ungovernable" and prepare for a revolutionary

take over of power. Four years later that strategy looks deeply flawed. It was based on what the ANC's critics see as an underestimate of the repressive and coercive power wielded by the African-dominated South African state.

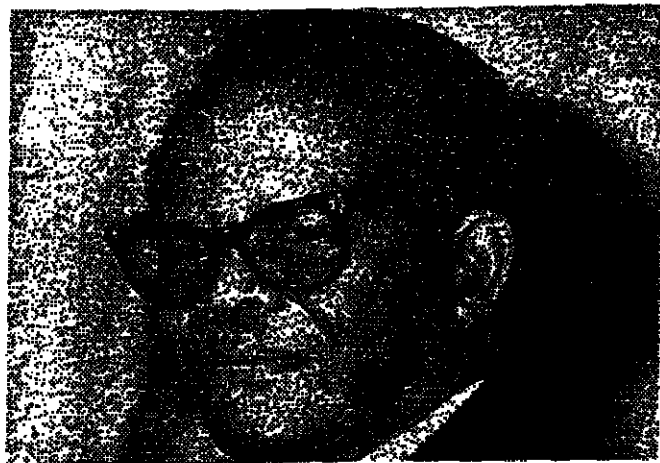
The ANC did not begin the 1984 revolt. It began spontaneously as a riot riot by blacks

black-consciousness Pan-Africanist Congress or the predominantly Zulu Inkatha movement of Chief Mangosuthu Buthe.

Since 1955, the ANC has clung to the vaguely socialist ideals of the Freedom Charter, but this year it plans to publish more precise constitutional guidelines. It envisages a cautious programme of nationalisation, a bill of rights to protect individual freedoms, independent trade unions and competing political parties.

ANC strategists believe that the much-publicised right-wing threat to President P. W. Botha has led to gross overestimates of the level of liberal white opposition to apartheid, especially among Afrikaners.

At the same time, black



Mr Oliver Tambo, 70, has been president of the African National Congress for 20 years. Born the son of a peasant farmer in the eastern Cape, he is a devout Christian and a moderate black nationalist. In 1982, he opened South Africa's first black legal firm with Mr Nelson Mandela. He fled the country in 1960 to head the ANC in exile after facing treason charges, later dropped.

South Africans have staged impressive work stayaways inspired by powerful trade unions, and President Botha appears to be floundering politically, pleasing neither blacks nor whites.

The ANC is determined to show Mr Botha that it can veto his political initiatives. It plans to boycott the racially segregated local elections due in October.

A successful poll, the ANC fears, would allow the Government to recover its equilibrium and claim there are elected black leaders ready to play a junior, consultative role in a white-dominated political system.

On the international front, the ANC has done well in the past few years, reaping the rewards of heightened interest in South Africa and find-

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Signs of strain in the pursuit of an elusive goal

Victor Mallet in Lusaka on the debate between the Congress's moderate and radical wings

THE AFRICAN National Congress, which has championed black rights in South Africa for more than 75 years, is showing signs of strain.

On the one hand ANC leaders want to step up their guerrilla war inside South Africa, exploit the anger of radical young blacks, and make life uncomfortable and dangerous for whites and for black "collaborators." On the other, they need to take advantage of Western liberal revision to apartheid and to win over more white businessmen, intellectuals and teenagers inside South Africa.

The dilemma is reflected in the different strands of the ANC leadership, based in Lusaka, the Zambian capital. At the top of the ANC the

older, mission-educated generation holds sway. Mr Oliver Tambo, the 70-year-old ANC president and former legal partner of the jailed Mr Nelson Mandela, has been described by President Kenneth Kaunda of Zambia as a man so far from being a terrorist that he "couldn't kill an ant."

The same could not be said of Mr Chris Hani, the new chief-of-staff of the ANC's army, Umkhonto we Sizwe, or of the political commissar, Mr Steve Tshwete.

They represent a more radical streak in the organisation and have been responsible for stepping up guerrilla warfare in the past few months.

When Mr Hani said recently in Lusaka that he would regard members of

parliament and reactionary judges as legitimate targets for attack, moderates such as Mr Tambo and Mr Tshwete Mbeki, a member of the ANC's ruling body, the national executive committee, responded rather weakly that this was Mr Hani's personal view, not ANC policy.

Officially, the ANC will attack only the security forces and strategic or economic installations and buildings, although it accepts that civilians might be killed by accident.

In practice, however, the distinction between "hard" and "soft" targets has become increasingly blurred. Even the most moderate ANC activists believe that whites must begin to suffer.

The ANC is a genuinely multiracial group, unlike the

black-consciousness Pan-Africanist Congress or the predominantly Zulu Inkatha movement of Chief Mangosuthu Buthe.

Since 1955, the ANC has clung to the vaguely socialist ideals of the Freedom Charter, but this year it plans to publish more precise constitutional guidelines. It envisages a cautious programme of nationalisation, a bill of rights to protect individual freedoms, independent trade unions and competing political parties.

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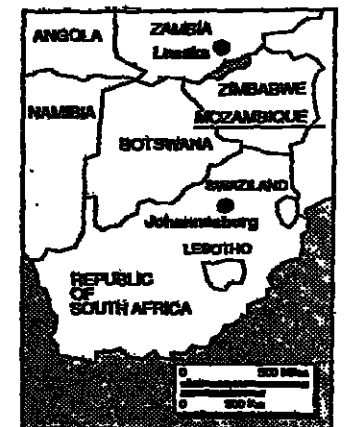
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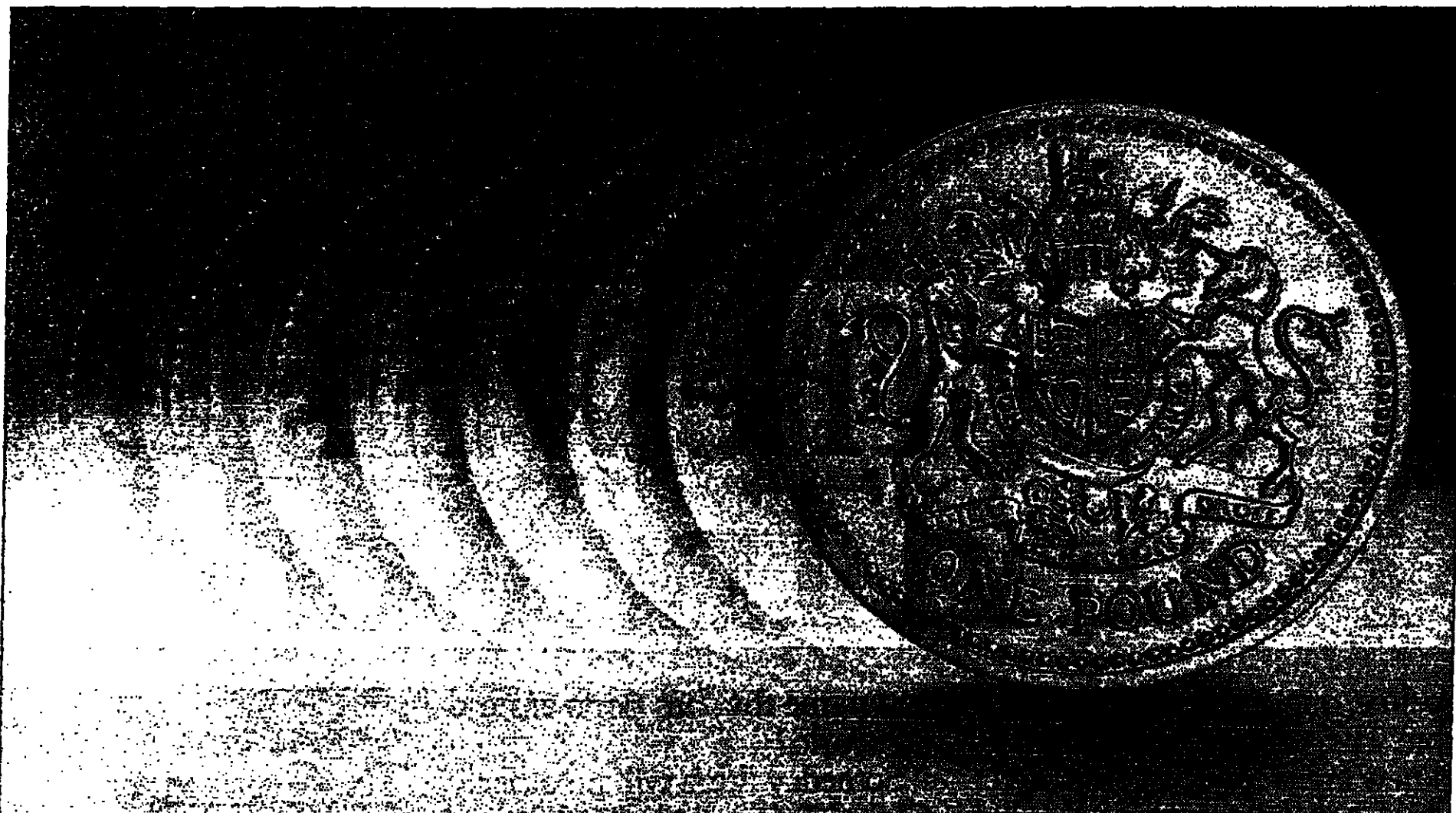
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UK NEWS

Still buoyant retail sales add to inflation fears

By Ralph Atkins

FURTHER EVIDENCE of the exceptional strength of the British economy comes in a survey of retailers published today showing strong growth in sales in June and optimistic forecasts for July.

to add to fears among City analysts about growing inflationary pressures in the economy. On Friday, figures for the retail price index showed a rise in the annual inflation rate to 4.5 per cent in June from 4.2 per cent in May.

highlight the buoyancy of Government revenues. Commenting on the CBI/FT results, Mr Nigel Whitaker, chairman of the survey panel, said: "The improvement in business during May and June reflects the strong growth of real incomes and the tax changes in the Budget."

Aviation authorities under fire over holiday flight delays

BY Michael Cassell, Political Correspondent BOTH THE Government and the Civil Aviation Authority yesterday distanced themselves from responsibility for the continuing chaos at Britain's airports and stressed the need for improved European co-operation to overcome the difficulties.

Mr McCordle, who is to seek early talks with Mr Paul Channon, Transport Secretary, rejected calls for CAA resignations but said the authority at least stood accused of lack of foresight.

Mr Tegendat denied suggestions that there would be no improvement in the situation until 1989 and emphasised the need for better co-ordination on a European level.

Rover workers fear BAE capacity plans

By Kevin Done, Motor Industry Correspondent

MR GRAHAM DAY, Rover Group chairman and chief executive, and trades union leaders gathered today at a hurriedly arranged meeting following British Aerospace's decision last week to take over the state-owned car-maker.

could be the Cowley South Works, on the outskirts of Oxford. This holds the Maestro, due to be replaced next year by the R8, which will be assembled at the Birmingham Longbridge plant, said Mr Day.

Conference facilities may ease air chaos

By Richard Donkin

CONFERENCE FACILITIES are being installed at key air traffic flow control centres throughout Europe in an effort to alleviate the airport chaos caused by under-capacity and industrial action.

Seamen's union faces split over P&O strike

By Jimmy Burns, Labour Staff

ONE OF the leaders of the strike by the National Union of Seamen in Dover against P&O, the ferry company, last night called for the resignation of the majority of the union's national executive over its apparent decision to associate itself from mass picketing.

The NUS leadership has been paying the way over the past week for the lifting of the sequestration of the union's assets while trying at the same time to reassure Dover strikers.

Company Notices

NOTICE OF PREPAYMENT



FF 600,000,000 Adjustable Rate Series A Bonds due 1986

In accordance with paragraph "Prepayment at the Option of Saint-Gobain" of the Terms and Conditions of the Series A Bonds, notice is hereby given that Saint-Gobain will prepay at par on August 21, 1988 the total amount remaining outstanding of the above-mentioned Bonds.

Payment of interest due on August 21, 1988 and reimbursement of principal will be made in accordance with the Terms and Conditions of the Series A Bonds.

Interest will cease to accrue on Series A Bonds as from August 21, 1988.

Luxembourg, July 18, 1988 The Fiscal Agent KREDIETBANK S.A. LUXEMBOURG

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN RYOBAN LIMITED

EDR holders are informed that Ryoban Limited has paid a dividend to holders of record 31st March 1988 of Yen 250 per Yen 100 Share of Common Stock and the Depository has converted the net amount of Japanese withholding tax, into United States Dollars.

Table with columns for Country, Dividend Less 15% Withholding Tax, and Dividend Less 20% Withholding Tax. Countries listed include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Portugal, Republic of Korea, Singapore, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, United States, Zambia, and Zimbabwe.

Falling receipt of a valid Affidavit, Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate 20% will also be applied to any dividends unclaimed after 31st October, 1988.

NOTICE OF PREPAYMENT



US\$ 500,000,000 Guaranteed Floating Rate Notes due 2000

Unconditionally guaranteed by the Republic of France in accordance with paragraph "Redemption and Purchase" of the Description of the Notes, notice is hereby given that Credit National will prepay at par, on the next Interest Payment Date, August 22, 1988 the total amount remaining outstanding of the above-mentioned Notes.

Payment of interest due on August 22, 1988 and reimbursement of principal will be made in accordance with the Description of the Notes.

Interest will cease to accrue on Notes as from August 22, 1988. Luxembourg, July 18, 1988 The Fiscal Agent KREDIETBANK S.A. LUXEMBOURG

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN NIPPON FIRE & MARINE INSURANCE CO., LTD.

Further to our notice of 17 March, 1988, EDR holders are informed that Nippon Fire and Marine Insurance has paid a dividend to holders of record March 31, 1988. The cash dividend available is Yen 6.00 per Common Stock of Yen 60,000 per share.

Table with columns for Country, Dividend payable less 15% Japanese withholding tax, and Dividend payable less 20% Japanese withholding tax. Countries listed include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Portugal, Republic of Korea, Singapore, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, United States, Zambia, and Zimbabwe.

Falling receipt of a valid Affidavit, Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after October 31, 1988.

Amounts payable in respect of interest dividends.

Coupon No. 11 EDR description: ENTE NAZIONALE PER L'ENERGIA ELETTRICA (ENEL) U.S. DOLLAR 300,000,000 FLOATING RATE NOTES DUE 2000

We hereby inform you that the issuer has elected to redeem anticipatively all its heretofore mentioned notes outstanding on September 8, 1988 at 100%.

Interest will cease to accrue on September 8, 1988. The notes will be reimbursed coupon or 8, due on March, 1988 and following attached according to the terms and conditions of the notes.

The Principal Paying Agent, SOCIETE GENERALE ALBACHENNE DE BANQUE 15, avenue Emile Beaulieu LUXEMBOURG

NOTICE TO THE HOLDERS OF THE MONTEDISON BANK LTD. 100,000,000 1% Per Cent Convertible Bonds

Trust to clauses 7 (b) and (c) of the Trust Deed dated 26th June, 1987 underwritten the above-mentioned Bonds were issued, notice is hereby given as follows:

1. On 28th June, 1988 the Board of Directors of the Bank resolved to issue new US\$ convertible bonds through public offering and new Swiss Franc convertible bonds through private placement on over-advance margin (including the installation of a new credit line) on 2nd August, 1988 (respectively in London and Zurich time).

Contracts & Tenders

WANDSWORTH BOROUGH COUNCIL Installation of gas fired boiler plant at Wandsworth Town Hall, London, SW18

Contractors wishing to be considered for selection to tender for the installation of gas fired boiler plant at Wandsworth Town Hall, should submit their names, together with details listed below, to the Chief Executive and Director of Administration, Rooms 110, The Town Hall, Wandsworth High Street, London, SW19 2PU by August 19, 1988, quoting reference WAB/9/3388. Late applications will not be considered.

Ministry of Public Works, Urban Planning and Construction REPUBLIC OF MALI Un Peuple - Un But - Une Foi

National Directorate of Public Works NOTICE OF CONTRACTOR PREQUALIFICATION FOR AN INTERNATIONAL CALL FOR TENDERS

I PURPOSE The Government of the Republic of Mali (Ministry of Transportation and Public Works, National Directorate of Public Works) plans to undertake construction of the second bridge over the Niger River in Bamako.

II DEFINITION OF THE WORKS The works will be divided into five (5) lots: Lot 1: Construction of a new bridge over the Niger River, access ramps and road, two interchanges and an at-grade intersection.

III PREQUALIFICATION PARTICIPATION CONDITIONS Participation is open, under equal conditions, to all contractors or joint ventures not included by the bidders according to the resolutions of the competent organs of the Arab League or by the applicable rules of the Kingdom of Saudi Arabia, as per the Directive on Contracts issued by the Saudi Development Fund.

IV DATE OF SUBMITTAL OF PREQUALIFICATION DOCUMENTS Prequalification proposals must be received no later than 10 a.m. local time (10 a.m. GMT) on Sept. 12, 1988 closing date. In a sealed envelope sent by registered mail or airtel to the following address: Monsieur le Directeur General des Travaux Publics Avenue de la Liberté B.P. 1758 Bamako

REPUBLIC DU MALI The outer envelope must be marked "Prequalification of Contractors for Bidding on the Second Bamako Bridge, Lot No. ..." (indicate number and designation of each lot).

VI PREQUALIFICATION DOCUMENTS The prequalification documents in French are available to contractors or joint ventures who wish to participate in prequalification. The documents can be obtained as of July 25, 1988 upon payment in cash or by certified check of the sum of fifty thousand CFA francs (50,000 CFA F) to the address indicated above as application deposit.

VII ADDITIONAL INFORMATION Additional information can be obtained from: Direction Nationale des Travaux Publics B.P. 1758 in Bamako, telephone 22.29.02, telex 2557.

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED US\$ 300,000,000 Guaranteed Floating Rate Notes due 1991

Notice is hereby given to the Noteholders that the annual report of INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED for the fiscal year 1987-88 is available at the offices of:

CREDIT LYONNAIS, 26A, Boulevard Royal, LUXEMBOURG MANUFACTURERS HANOVER TRUST COMPANY, 330 Park Avenue, New York, N.Y. - STANDARD CHARTERED MERCHANT BANK LIMITED, 33-36, Gracechurch Street, LONDON CREDIT LYONNAIS, 3701 OBC Centre, SINGAPORE. where copies may be obtained.

SUPPLY OF TRANSMISSION SYSTEM FOR THE FIXED LINK BETWEEN FRANCE AND THE UNITED KINGDOM

Translink Joint Venture or/and GIE Transmanche Construction, Contractor for construction and equipment of the Channel Tunnel project invite applications for pre-qualification for Transmission system.

Design, supply, installation and commissioning of through tunnel optic fibre transmission system and associated subsystems together with telephone system and public address system. The transmission system will provide a medium for carrying all types of telecommunication signal within the concession.

Applications from interested companies should be made by 4/8/88 to:- The Contracts Manager Translink Joint Venture or/and GIE Transmanche Construction Surrey House Throley Way Sutton Surrey SM1 4WA ENGLAND Telex No. 927388 TMLINK G

GT INTERNATIONAL BOND FUND SICAV

2, boulevard Royal L. 2938 LUXEMBOURG R. C. Luxembourg B - 24942 DIVIDEND ANNOUNCEMENT The GT International Bond Fund will pay a dividend of US\$ 0.80 per share on July 25, 1988 to shareholders registered at close of business on July 15, 1988. Shares will be traded ex-dividend after July 15, 1988. The Board of Directors

SUPPLY OF CENTRAL CONTROL SYSTEM FOR THE FIXED LINK BETWEEN FRANCE AND THE UNITED KINGDOM

Translink Joint Venture or/and GIE Transmanche Construction, Contractor for construction and equipment of the Channel Tunnel project invite applications for pre-qualification for Central Control System.

Design, supply, installation and commissioning of Central Control System to operate the overall concession. Scope to include hardware and software to provide overview and also monitor and interface following subsystems:- Road traffic management Rail traffic management Engineering management of fixed equipment

Applications from interested companies should be made by 18/8/88 to:- The Contracts Manager Translink Joint Venture or/and GIE Transmanche Construction Surrey House Throley Way Sutton Surrey SM1 4WA ENGLAND Telex No. 927388 TMLINK G

Plaza Estates

AGENCY ROAD 1978 Newly built, bright and airy 2nd floor flat in period building, 2 Bath, Bathroom w/ Jacuzzi, Kitchens, Fridge, Freezer, Dishwasher, etc. Call 01 724 3160 WILLIAMS & WATSON, 211 St. James Street, London W1A 1AA. Movers flat elegantly furnished in a high standard. See Bath w/ Shower, Range: 7/7' 6". Avail now for long let. £25,000 p.w. £21,000 p.w. £19,500 p.w.

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QUALITY FURNISHED FLATS AND HOUSES Short and Long Lets 23 Spring St., London W2 1JA Tel: 01-462 2271 Telex: 25271 Fax: (01) 242 3756

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Table with columns for Ad Type, Rate per line, and other details. Includes categories like National Press, Daily, Weekend, Art, Books, and Books Page.

NOTICE FOR PREQUALIFICATION FOR TELECOMMUNICATION MODERNISATION DJIBOUTI AIRPORT AUTHORITY

The Djibouti Airport Authority invites the prequalification of Contractors for supply and installation of equipment and civil works for telecommunication modernisation of the Ambouli International Airport.

A single bid package will comprise construction of new transmission centre for radio communication and new reception centre including earthworks, access roads, utilities and auxiliary works. supply and installation in new transmission and reception centres as well as in the existing complex aeronautical telecommunication system of - HF communication system for fixed telephone and telegraph stations - HF communication system for mobile stations - HF reception equipment for meteorological telegraphic transmission and facsimile - equipment for meteorological telecommunication via satellites - equipment for VHF ground communication

Interested contractors are required to submit a prequalification form which can be obtained upon request from Frederic R. Harris, 39 Blvd. Bischoffstein, 1000 Brussels, Belgium, Tel. 32-2-218.54.00, Telex 22835 HARBEL or the Djibouti Airport Authority. The form duly filled must reach the Djibouti Airport Authority on or before Aug. 31, 1988 - 12.00 hrs local time at the following address: Mr. le Directeur Général DJIBOUTI AIRPORT AUTHORITY B.P. 212 DJIBOUTI Republic of Djibouti

All correspondence shall be in French language. Financing: Abu Dhabi Fund for Arab Economic Development.



S.p.A. - Registered Office: Milan - Foro Buonaparte, 31 Share Capital Lit. 2,794,000,000 fully paid up Milan Court, Companies Registry No. 258 - Vol. 10 - Section 84

1987 ANNUAL REPORT

Notice is hereby given that copies of the 1987 annual report of Montedison S.p.A. are available, upon request, at the offices of its UK subsidiary, Montedison (U.K.) Limited, 7/8 Lygon Place, Ebury Street, London, as well as at the London Office of Morgan Guaranty Trust Company of New York, Morgan House, 1 Angel Court.

UK NEWS

Closure plan for more nuclear stations denied

By David Fishlock, Science Editor

REPORTS that five more British nuclear power stations face closure as a result of safety inspections are denied by Mr Eddy Ryder, the Government's chief nuclear inspector.



Eddy Ryder: 'Long-term safety reviews completed'

Mr Ryder, in an interview with the Financial Times, said his inspectors had completed long-term safety reviews of only two nuclear stations and expected to publish a third this autumn.

The reviews contained no surprises, he said. His inspectors had discovered no weaknesses common to the Magnox family of reactors which might threaten to limit their life.

Last week, the Central Electricity Generating Board announced that its Berkeley nuclear station near Bristol would be closed in March, after 28 years, because it would be too expensive to carry out the refurbishment called for by Mr Ryder's Nuclear Installations Inspectorate, part of the Health and Safety Executive.

However, Mr Ryder said it was not the beginning of the end of the Magnox reactors, which he expected to continue in service until the end of the century.

Similar safety requirements for the Bradwell station in Essex, which is the same age, would be implemented by the CEGB because the higher output expected made refurbishment a cost-effective investment until 1992.

The Magnox family was designed for a life of 20 to 25 years and the capital cost was amortised over 20 years, in common with other power stations and much major engineering equipment.

Mr Ryder said that present indications were that in each case the licensee would make an economic judgment as to whether to make the improvements the NII required or to close the station.

It was the kind of safety-related decision any industrialist would understand. "Nothing goes on for ever," he said.

The idea of the long-term safety review of Britain's nine commercial Magnox stations began to evolve in the late 1970s when the first Berkeley and Bradwell, were approaching their 20th birthday.

The Magnox licensees said they wanted to continue beyond 20 years and accepted the idea of an overall review of safety, in addition to the statutory bi-annual inspection.

The review is made by the licensee but it has to satisfy the NII that it has made an

adequate safety case for the reactor to continue for 30 years, subject to regular statutory inspections.

Mr Ryder said there was a simple logic to his long-term review. He had to be satisfied that the reactor would continue to shut down safely when required, could be cooled satisfactorily, and would contain its radioactivity without leaks.

The reviews for Berkeley, Bradwell and Hunterston in Scotland, which are nearing completion, suggested that the first seven earliest Magnox stations have 17 common features in which they are either showing their age or are falling behind best safety practice.

The cost of remedying these features - several million pounds each in the case of the Berkeley and Bradwell stations - had to be offset against the likely returns from power generation over the rest of a 30-year life.

Mr Ryder said he had urged licensees to start now on this refurbishment, during the regular shutdowns, to take some of the strain off his inspectorate. "They are responding to this," he said.

Safety of Magnox stations accounts for about one-sixth of the 120 professionals in his inspectorate.

In the case of Berkeley, one of the smallest stations and where power has been restricted for several years for reasons specific to its design, the cost is not justified, Mr Ryder said.

Other Magnox stations are expected to give much higher outputs for a similar level of investment. Mr Ryder said he had received no indication that the British licensees wished to go beyond 30 years,

CBI/FT DISTRIBUTIVE TRADES SURVEY

Retailers' sales beat expectations

By Ralph Atkins

SALES BY retailers last month beat expectations and continued the strong growth seen in May, according to the CBI/Financial Times distributive trades survey published today.

The results highlight the buoyancy of the retail sector and suggest retailers are optimistic about sales for the coming months.

Out of 261 retailers questioned, 68 per cent said sales in June were higher than the same month a year before and 11 per cent said they were lower. The balance of +88 per cent reporting increases was the highest for any month since January.

Mr Nigel Whittaker, chairman of the survey panel, said: "The slight slowdown in sales growth that retailers anticipated for June failed to materialise. Sales increases exceeded expectations and were above last year's volumes. The prospects look equally good for July."

Retail sales have been boosted since the middle of last year by strong consumer spending, fuelled by rising earnings and consumer credit. Tax cuts announced in the Budget may also have helped sales in June but in coming months the expected rise in mortgage rates may moderate growth.

The survey shows the balance of those expecting increased sales in July compared with a year ago, minus those forecasting a fall, was +57 per cent. That compares with last month's results which showed a balance of +53 per cent expecting rises in June.

However, the survey has a tendency to show retailers' expectations being frustrated. June was only the second month this year in which reported increases have been

June report finds optimism over the coming months

greater than forecast. The survey shows sales for the time of year were reported by retailers to be better last month than in May and a further improvement is expected in July. Chemists and household textiles, furniture and carpet shops reported the best sales increases in June and are among the sectors most optimistic about July.

Orders placed by retailers grew at a slower rate in the year to June than in the year to May although the increase was faster than expected. A further slight slowing in ordering is forecast for July.

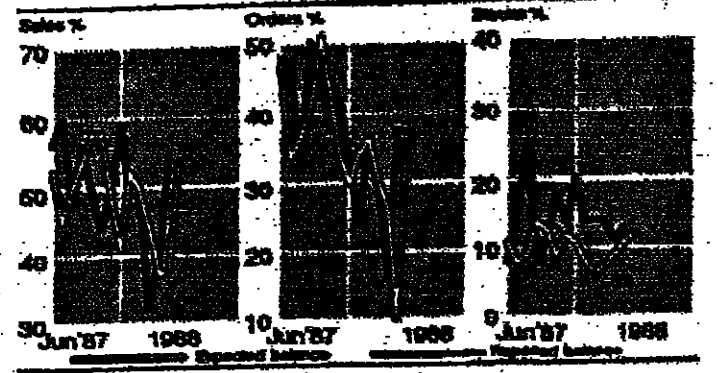
Among wholesalers there was a sharp increase in sales growth in June. A balance of +57 per cent reported sales higher than the same month a year before - the highest balance since March.

The June increase reported by wholesalers was much greater than expected. Out of the 167 wholesalers questioned, a balance of +52 per cent expect sales in July to be higher than in the same month last year.

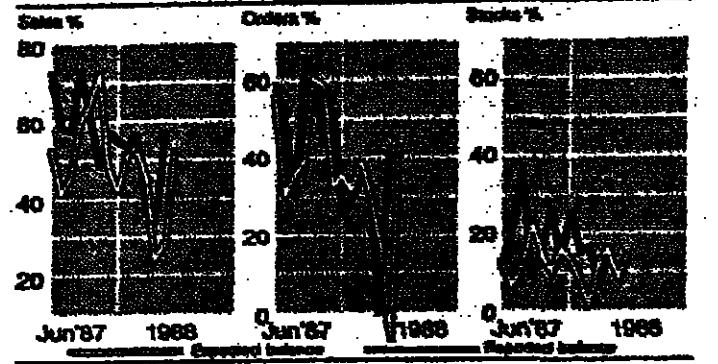
The sectors most positive about sales growth in June and July were builders merchants and food and drink wholesalers. Motor traders also reported a pick-up in sales in June. A balance of +31 per cent of the 67 questioned said sales in June were higher than in the same month a year before compared with a balance of +14 per cent in May.

Growth in orders placed by motor traders was faster than expected.

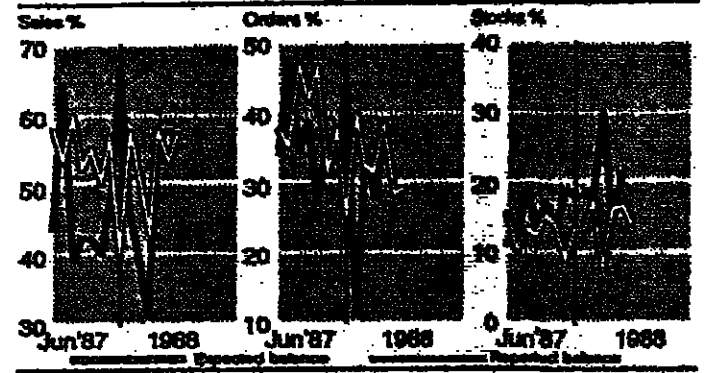
Total distribution



Wholesaling



Retailing



Stockbroker defends large rise in imports

By Simon Holberton, Economics Staff

THE DETERIORATION in Britain's trade position does not herald higher inflation and neither is it a cause for alarm, James Capel, the stockbroker, says in his latest analysis of the economy.

Contrary to what Capel describes as "conventional wisdom," the British consumer is not responsible for the large growth in imports over the past years. A large majority of the growth in imports has gone to the UK corporate sector to improve productive capacity.

It points out that, since 1982, more than 75 per cent of the rise in import volumes appears to be mainly associated with goods that are needed to facili-

tate output: basic materials, fuels, semi-manufactured, intermediate and capital goods.

This is true not only for the longer run but also for the first five months of 1988, when consumer goods only accounted for 21 per cent of the rise in imports, compared with the 64 per cent due to intermediate, capital and semi-manufactured goods.

Capel expects this year's current account of the balance of payments to record a deficit of £1.6bn, compared with £1.5bn last year and an initial Treasury Budget forecast of £4bn. In 1989 the current account deficit is expected to be £1.25bn.

The composition of UK imports, however, makes the UK broker sanguine about the future. The rise in imports of machinery is not only consistent with an improvement in Britain's capital stock, but would also appear to fit quite well with the constant improvements in productivity over the course of the recovery, he says.

Capel says: "To the extent that the deterioration in the current account reflects a supply-side response, which should improve the quality of the capital stock and expand capacity, it does not of itself represent a manifestation of inflationary pressures."

It continues: "An important

element to this latter point is that it will be true only if the Government persists with its non-accommodatory stance on monetary policy."

The British economy will remain strong into next year, in spite of a rise in inflation to 6 per cent early next year and a current account deficit set to exceed £2bn, the Item Club, an economic forecaster, says.

Item, which uses the Treasury's model of the economy, expects interest rates temporarily to rise by between a ½ point to 1 point.

It predicts 3½ per cent growth in the British economy this year, slowing to 2.6 per cent next year.

It continues: "An important

Welsh growth 'will continue'

By Anthony Moreton, Welsh Correspondent

THE STRONG performance recorded by the Welsh economy this year is continuing, according to figures just released in the principality, and is forecast to continue into next year.

According to the Cardiff Chamber of Commerce, "business in South Wales is booming," with increased optimism about the future level of investment and a continued growth of exports.

The Institute of Directors, in its latest survey of the Welsh economy, has found increased profitability and plans to take on more workers.

The two reports come just days after Whitbread Wales announced plans to spend £14.5m on its public houses in the South Wales valleys, often described as Wales's inner-city area, creating more than 700 jobs over the next three years.

According to the chamber of commerce, a large number of companies are seeking to set up business in the Welsh capital. "Some exciting announce-

ments are promised later in the summer," it reports.

Mr Fred Osborne, director, said it was expected the boom would last "at least until the middle of next year."

The IOD survey found that almost 90 per cent of companies in Wales were working nearer capacity than at the start of the year. In the UK as a whole the figure was lower, at around 80 per cent. Profitability among Welsh concerns was also slightly higher than the national level.

Since the deregulation of opticians in December 1984, some have been advertising, modernising and opening shops. But the group says, the value of the market has not grown at the same rate as the increase in the number of optical outlets.

"This means that the average optician must have experienced a fall in his turnover and indeed many may be in financial difficulties," says the report.

The report says the introduction of the £10 sight test in April 1986, when the National Health Service stops paying for "free" tests, will be the last straw for some.

There are 8,200 optical outlets in the UK but the report says only two companies have significant market shares. Doland & Ashbison with an estimated 17.5 per cent and Boots with 7.1 per cent. It says the market was worth £87m in 1986 and sees it growing to between £65m and £70m in 1988.

Opportunities for Opticians. Business & Market Research. The Court, High Lane, Stockport, Cheshire SK6 8DX.

Cleaning group to sponsor marathon

By David Churchill, Leisure Industries Correspondent

THE LONDON marathon is to be sponsored by ADT, the cleaning and maintenance services group, in a deal worth more than £2m over the next three years.

The move follows the decision by Mars, the food group, to pull out of sponsoring the annual race through the capital's streets.

ADT, which changed its name from the Hawley Group earlier this year, is taking up the sponsorship to get its new name better known to the public.

ADT's sponsorship will include associated events before, during and after the race as well as underwriting the cost of bonuses paid to athletes for breaking marathon world records.

The company's decision to move into sponsorship is part of a growing trend by large companies to enhance their corporate image and gain exposure on television and in other media.

Mintel, the market research company, says in a report that corporate investment in sponsorship is likely to rise by 14 per cent this year to reach at least £250m.

This is almost double the amount spent in 1983, it points out.

"We believe that investment in sponsorship will increase at a similar rate in the 1990s, making it the fastest-growing

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Authorised Share Capital Issued and to be issued
£700,000 In Ordinary Shares of 10p each £520,000

Caldwell Investments P.L.C. is the holding company of the Caldwell Group the main activity of which is the import and distribution of clothing.

Application has been made to the Council of The Stock Exchange for the ordinary shares of Caldwell Investments P.L.C. to be traded on the Third Market. It is emphasised that no application has been made for these securities to be admitted to the Official List or to be dealt in on the Unlisted Securities Market.

Particulars relating to the Company are available in the statistical services of Extel Financial Limited and may be obtained during normal business hours on any weekday (Saturdays and public holidays excluded) up to and including 2nd August, 1988 from:

W. H. Ireland, Stephens & Co. Limited
(Corporate Member of The Stock Exchange, Member of The Securities Association)
at PO Box 506, Grange House, John Dalton Street, Manchester M80 2QU

County Natwest have indicated that they intend to make a market in the ordinary shares of Caldwell Investments P.L.C.
18th July 1988

Transactions in the ordinary shares of the Company will be effected in accordance with the rules and regulations governing the Third Market. This investment may carry a high degree of risk.

Capitalisation	Company	Price	Change on week	Gross div (p)	Yield %	P/E
7751	Asst. Brk. Ind. Ord.	230	0	8.7	3.8	8.6
	Asst. Brk. Ind. OUS	230	0	10.0	4.5	-
925	Arncliffe and Rhodes	37	-1	-	-	-
3395	BBB Design Group (USM)	41	-1	2.1	5.0	6.5
107699	Bardon Group	160ad	0	2.7	1.7	27.4
18567	Bardon Group Conv. Pref.	112	0	6.7	6.7	-
3099	Bray Technologies	140	0	5.2	3.7	10.2
	Brenhill Conv Pref	107	0	11.0	11.0	-
1064	CCJ Group Ordinary	280	-2	12.3	4.4	4.2
1900	CCJ Group 1 1/2 Conv Pref	152ad	-1	14.7	9.7	-
16740	Carbo Pte (GSD)	143	0	6.1	4.3	9.2
763	Carbo 7.5% Pref (GSD)	109ad	0	10.3	9.4	-
5222	George Blair	263	-1	3.7	1.3	7.3
7488	Ida Group	94	0	-	-	-
11794	Jackson Group (SD)	112ad	0	3.3	2.9	12.4
25783	Martihouse N.V. (AmesSD)	305	-10	10.4	3.4	12.1
1091	Robert Jenkin	107	-2	-	-	4.7
39125	Scrivners	425	+0	8.0	1.9	36.6
6954	Tonley & Carlisle	22ad	-7	7.7	3.4	7.7
3829	Trivast Holdings (USM)	89	-1	2.7	3.1	9.6
	Unilever Europe Conv Pref	108	0	8.0	7.6	-
6137	W. S. Yates	293	-1	16.2	5.5	7.9

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Because if you look after our heart, it could start looking after you.

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British Heart Foundation
The heart research charity.
The British Heart Foundation, 102 Gloucester Place, London W1H 4DH

UK NEWS

Ministers poised to push ahead with Short sale

By Michael Cassell and Our Belfast Correspondent

THE GOVERNMENT will confirm in the next 10 days its readiness to consider the sale of Short Brothers, the Belfast aircraft and missiles company, to any suitable private sector buyer.

A formal announcement of the Government's intentions, which have been made known for some time, would come this week in the form of a written answer in the Commons. Alternatively, it could come next week before MPs start their summer break.

It is believed that tentative approaches for the business have already been made and ministers are likely to make clear that they will welcome offers for the whole business or for any of its three divisions.

The move follows last week's ministerial decision to go ahead with the privatisation of Northern Ireland's electricity supply industry and the offer to sell Harland and Wolff, the loss-making state-owned shipyard, to Mr Ravi Tikoo, the Indian businessman.

Trade union leaders and DUP politicians yesterday reacted angrily to the prospect of an early announcement. They stressed that any moves to privatise the company, which employs 7,000 workers, will be fiercely resisted by the unions, which fear it could lead to the demise of the province's aircraft industry.

Mr Joe Bowers, vice-president of the Northern Ireland

Lazard lined up for rail sale

By Ralph Atkins

IT IS a decision that would have delighted the president of Victorian railway entrepreneurs, Lazard Brothers, the distinguished merchant bank, has been appointed financial adviser to the sale of the Settle to Carlisle railway line.

The arrangement, combining City expertise with one of the finest examples of late 19th century engineering, could secure the first privatisation of a British mainline railway.

British Rail, reluctant owner of the line, hopes a detailed brochure for would-be buyers will be available by the end of the month.

Interest has been modest so far. The number of people asking Lazard for information has scarcely entered double figures.

By contrast, the Department of Transport has received more than 500 representations from people protesting that the line should be kept open under BR management.

The decision to offer the line for sale was announced in May by Mr David Mitchell, Transport Minister. The Government has given private buyers until November before it decides whether the line should be closed.

Details of the offer for sale have not been finalised, but buyers will probably be expected to keep train running. This could mean it will be sold for only a nominal sum.

The line, which climbs high into the Pennine hills in north-west England and connects isolated villages and hamlets, has been threatened with closure since 1983. BR says traffic is slack, with running costs far greater than revenues.

In addition, urgently needed repairs to buildings and the line are estimated to cost at least £2m. In total the 7.2-mile line has 325 bridges, 21 viaducts and 14 tunnels.

Mr Michael Roberts, a director of Lazard, said inquiries had been received from private individuals, local authorities and companies, although it was too early to know who was seriously interested.

He said BR was hopeful it could be sold. However, he thought that to be successful a different owner would have to exploit the railway's rich scenic, historic and romantic attractions.

Mr Roberts said: "I do not see it being able to prosper without being promoted as a tourist attraction - but I would not like to say that is the sole reason d'être."

Before ownership is transferred, BR will have to decide what access a private operator will have to its routes. If excursions were to be run from Leeds or into Carlisle station, for instance, the operator would have to use BR track.

BR will also have to negotiate signalling arrangements and what workshop facilities will be made available. It may also offer a private operator some rolling stock for use on the line.

Generation of change in a fragmented sector Nick Garnett looks at the uncertain future for power station equipment suppliers

A SERIES of realignments and rationalisations, some aggressive and planned, others apparently defensive, is beginning to reshape Britain's power station equipment industry.

The announcement last weekend by Northern Engineering Industries that it is selling 26 per cent of International Combustion, the Derby-based manufacturer of large boilers, to Combustion Engineering of the US was the latest example in this process.

The changes affect the three main station equipment suppliers, NEI, General Electric Company and the Babcock Energy division of FKI Babcock, the electrical and engineering group.

The impending move towards smaller gas-powered "combined cycle" stations is also causing a reshuffling among gas turbine makers and civil engineering companies keen on building power stations.

What kind of structure will finally emerge is unclear. But it appears to be leaving the UK supply industry as fragmented as it has ever been. This is in spite of the threat of tougher competition with a more open European market and the emergence of large cross-border alliances in power engineering.

Earlier this year, Newcastle-based NEI signed a deal for its Reynolds American plant to manufacture under licence Mitsubishi middle-power electricity trans-



Grasme Anderson denies stake-selling rumours

mission equipment as part of growing co-operation between NEI and Japanese suppliers.

NEI denied last week that it was engaged in talks to sell a stake in its Parsons turbine generator business to a Japanese company but it left the door open.

"There is no question at the moment of an equity deal like that," said Mr Grasme Anderson, NEI's deputy chairman. "But if something attractive came along we would have to consider it."

FKI, which last year absorbed Babcock, a manufacturer of large boilers and other equipment, is slowly re-opening discussions with Westinghouse of the US on the possibil-

ity of putting Babcock into some form of joint venture company with Westinghouse.

Since acquiring Babcock, attempts by FKI to find a partner for the power engineering business - the long lead times of which are foreign to FKI's culture - have looked like desperation. FKI denies this.

Talks with Westinghouse followed aborted discussions with GEC. The first of these was over the selling of Babcock Energy to GEC but the latter company valued the business at £40m while FKI wanted around £100m. (The sale of the 35 per cent stake in NEI's International Combustion for just over £10m seems to indicate that GEC's figure is closer to market valuation.)

The second set of talks, also abandoned, was on a possible joint venture company. GEC wanted a 50 per cent stake while FKI wanted at least a 30 per cent stake.

Meanwhile, Babcock, whose main production site is at Renfrew, Scotland, has also opened discussions with boiler makers on mainland Europe on the possibility of co-operation agreements, with one eye on the opening up of the European market in the 1990s.

At the same time, Rolls-Royce has signed an agreement on gas turbines with Asea-Brown Boveri (ABB), the joint Swedish-Swiss power and general engineering giant.

The deal involves joint marketing and product development on gas turbines for power generation. Rolls-Royce, which manufactures gas turbines from 10 to 80 megawatts, would obtain access to some of ABB's customers. ABB, one of the world's top three gas turbine makers in the 30 to 140MW range obtains greater access to the UK market for small power stations.

GEC, which manufactures turbine generators and distribution and transmission equipment has not signed any close co-operation deals with any company, except on a project-by-project basis.

However, it is now reorganising itself internally, pulling its turbine, distribution and transmission operations under one umbrella. It is also believed to be talking to some European power suppliers on joint ventures that would go further than co-operation on individual projects.

Some of these moves are the result of pressures within the UK where power station ordering has been so poor and new ordering delayed and clouded by the planned privatisation of the electricity supply industry.

There is also a general restlessness within Europe as companies look at ways to meet the opening of the market in the 1990s. A recent example of this was the purchase in April of the power equipment business of Belgium's ACEC by Alstom of France.

The most striking of the realignments was the merger of Asea of Sweden with Brown Boveri of Switzerland last year. This was followed in April this year with the announcement that the newly created ABB is forming two big joint venture power engineering businesses with Westinghouse.

A third factor has been the impending move towards the building of more combined cycle power stations. This is attracting more civil engineering companies into the power station construction business.

British Gas has received about 100 inquiries from private companies wanting to generate electricity from gas. These schemes would represent about 8,000 Mw of additional electricity generating capacity, more than half the estimated extra capacity required by the UK up to the turn of the century.

Already, Thames Power, a consortium formed by BICC, civil engineers Taylor Woodrow and Schroder, the merchant bank is planning a 1,000MW private power station at Barkings, east London.

Alliance forged by the UK's makers of large equipment are so far continuing the tradition of Britain's heavy engineering industry in looking to the US and Japan for partners rather than to Europe. Mr John Lacey, managing director of Babcock Energy, says: "UK suppliers are behind the Europeans in getting their act together for the 1990s. That is worrying."

DIY superstore sales rise

By Maggie Urry

DO-IT-YOURSELF superstores have increased sales tenfold since 1980, according to a survey by Verdict Research, the retail research group.

The superstores, which it defines as shops with more than 15,000 sq ft of sales area and usually with a car-park, have grown far more rapidly than other DIY retailers.

They take an estimated 64.5 per cent of the sales through DIY retailers. The total DIY market is thought to have been worth £5.8bn last year.

Verdict says sales growth has been fuelled by the rise in owner-occupation and by professional builders switching from builders' merchants.

The group estimates that there are 950 DIY superstores and that 150 will open this year. By 1992 there will be 1,350, about the most the market can support.

Verdict on DIY Retailers. Verdict Research, 112 High Holborn, London WC1V 6SS. 0430.

British acquisitions in US up sharply

By Terry Dodsworth, Industrial Editor

BRITISH acquisition activity in the US rebounded strongly in the first quarter of this year following the downturn in the last three months of 1987 caused by the sharp decline on the Stock Exchange.

According to a survey by the British-American Deal Review, the recovery partly reflected the hostile \$4.45bn (£2.65bn) bid for the Farmers Group insurance company by BAT Industries. Yet even without the BAT transaction, which still has to be completed, acquisitions announced in the first quarter were still up on the year against a total of \$9.2bn (£5.4bn) against \$1.9bn in the fourth quarter.

The survey says UK companies investing in the US were strongly influenced by strategic industrial reasons, such as access to a larger market or increased ability to utilise capacity and research and development expenditure.

Changes in exchange rates, along with the relative stock market levels in the two countries, also gave UK companies the most favourable pricing conditions for buying US assets that they have had in the 1980s.

Additionally, the low indebtedness and strong cash position of UK companies allowed them to finance an aggressive acquisition programme in spite of the current problems in equity funding.

It concludes, however, that the first quarter figures are unlikely to be repeated during the rest of this year, and argues that total British purchases are likely to amount to between \$15bn and \$20bn for the whole of 1988.

The survey suggests that interest in US acquisitions is broadening within UK industry. There were 110 transactions in the first quarter of the year against 70 in the previous quarter and 90 in the third quarter of last year.

The Hattersley camp claimed last weekend that an analysis of the nominations for deputy leader showed their candidate was set to win the October election by a wide margin.

Yesterday, however, Mr Richard Caborn, Labour MP for Sheffield Central and one of Mr Prescott's campaign team, said that nominations, the deadline for which has passed, support will emerge among the constituency section of the party's electoral college.

Supporters of Mr Prescott, who has been nominated by 75 constituencies, compared with 70 for Mr Eric Heffer and 49 for Mr Hattersley, say further support will emerge among the constituencies.

Mr Prescott has been nominated by 38 MPs against 106 for Mr Hattersley and 29 for Mr Heffer with 54 MPs still to nominate a candidate. In the trade union section the Prescott camp claims it could win almost half the available votes.

Minister to seek housebuying code

By Michael Cassell, Political Correspondent

THE GOVERNMENT is to seek a new, voluntary code of practice for professional organisations involved in the buying and selling of homes.

The initiative will be headed by Mr John Butcher, Minister for Consumer Affairs, who said at the weekend that he intended to hold talks with a series of bodies involved in the housing market.

They include the National Association of Estate Agents, the Royal Institution of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the Building Societies Association.

The intention is to draw up a new "best practice" charter which professional organisations would adopt.

Although the accent is on a voluntary effort, changes could eventually be enshrined in legislation.

At the same time, Lord Mackay, Lord Chancellor, is to investigate whether or not there is a case for extending Scottish property laws to England and Wales in an attempt to prevent "gumumping," the practice of raising an agreed selling price during the purchase period.

Attempts to introduce Scottish-style legislation, under which an offer to buy a property is legally binding, have been made by individual MPs but have not received the Government's backing.

Among the areas to be discussed by Mr Butcher are estate agents' descriptions of properties, possible changes to the system of property searches and the availability of "log books" on individual properties.

Mr Butcher said at the weekend: "The discussions are going to be wide-ranging and they are in response to a commonly held view that the buying and selling of houses is too complicated, takes too long, and costs too much."

Prescott camp confident of win over Hattersley

By Michael Cassell

SUPPORTERS of Mr John Prescott, who is standing for the deputy leadership of the Labour Party, yesterday claimed he had a "real chance of victory" over Mr Roy Hattersley, the present deputy leader.

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Plutonium in dump fuel canister puzzles scientists

By David Fishlock, Science Editor

NUCLEAR FUEL found dumped in a radioactive waste repository at Drigg, Cumbria, last week is still puzzling nuclear scientists.

It has turned out to be pellets of uranium dioxide containing traces of plutonium.

Scientists at the laboratories of British Nuclear Fuels at Sellafield nearby opened the tin fuel canister at the weekend to find 3kg of ceramic pellets of a kind made until recently at Sellafield for the prototype fast reactor at Dounreay.

Manufacture of Dounreay's fast reactor fuel has recently been transferred to France. Pure uranium dioxide fuel is used in the "breeding" blanket around the main core of the fast reactor, where the uranium in the fuel is converted into plutonium. But the fuel found by a contractor at Drigg last Monday is contaminated with traces of plutonium.

BNFL says the amount of plutonium is less than 0.5 per cent - too little to have breached the regulations

Advertisement for THE MOB EUROPEAN SUMMIT for YOUNG PROFESSIONALS. St. Moritz, 31 August - 3 September 1988. An intensive, two-day management development programme for today's high achieving young executives who aspire to being tomorrow's epitome of industry.

Advertisement for POLL TAX FIGHT URGED. MR RON BROWN, Labour MP for Leith, yesterday called for a mass movement for the non-payment of the community charge.

NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS. ITO-YOKADO CO., LTD. (Kabushiki Kaisha Ito-Yokado) (the "Company"). 5% Convertible Debentures Due August 31, 1996 (the "Debentures").

Life insurance body calls for wider disclosure of information. THE LIFE Insurance Association, representing 11,000 life insurance policies, has urged the Securities and Investments Board to adopt a far wider approach towards disclosure of charges and expenses on life insurance contracts than that contained in the recommendations from Peat Marwick McLintock, the accountancy firm.

Notice to Lombard Depositors. The following interest rates will apply from 18th July 1988. Rates for depositors entitled to receive gross interest. Rates for depositors entitled to receive net interest. Gross equivalent to a basic rate tax payer.

Issue of up to £250,000,000 Floating Rate Notes 2000. ABBEY NATIONAL BUILDING SOCIETY. (Incorporated in England under the Building Societies Act 1974) of which £150,000,000 is being issued as the Initial Tranche.

COMPAGNIE DE SAINT GOBAIN. Issue of titres participatifs ECU 100,000,000 with warrants. The TMGE used for the calculation of the coupon maturing on 10th August 1988 is 8.6873%.

THE MONDAY PAGE

A cautionary tale for Britain

ANTHONY HARRIS
in Washington

THERE IS still some life in Washington, despite the mass exodus to Atlanta for the Democratic convention, and the stifling heat. The weekend has been enlivened by a young man who climbed a television mast to fly a banner protesting at homelessness, which on present trends will be more widespread here than in India within a decade. Later in the day, some sweltering volunteers re-enacted a Civil War battle

at Manassas, a Virginia site threatened by a planned shopping mall.

These may be trivial events, but they may help to explain the fact that in the 57th month of the longest economic expansion in US peacetime history, the ruling Republicans are coming to the November elections as underdogs. The Reagan revolution may have restored pride and profits, but there has been a heavy social cost.

Corporate values are under question; American companies are seen as uncompetitive and Philistine. The October stock market crash also helped to undermine faith in the American Way. Above all, a great mass of Americans have enjoyed little or no benefit from five and a half years of growth.

There are two obvious reasons why the success of supply-side policies has not trickled down, as advertised, to the working population: taxes and wages. Taxes have not in fact been cut, though marginal rates have come down dramatically, but reshuffled. Cuts in income tax have been financed not only by excessive borrowing, but by

passing spending burdens on to the states, whose taxes have risen steeply, and by raising social security charges.

The total burden is almost exactly the same as in President Carter's final year. Mrs Thatcher's record is the same, if you substitute North Sea revenues and asset sales for borrowing.

The wage experience in the two countries has been radically different, though. Real hourly pay in the US has not increased at all since 1979; and mainly because there are more part-time workers in the economy, weekly earnings have been falling for a decade. Growth here has created growing employment rather than growing rewards.

The average American is therefore quite right when he feels no better off, and if he has health problems, or children in education, he is a good deal worse off, since health and education costs have been rising at about twice the rates of general inflation, and public funds to help bear these costs have been cut. The official figures in any case overstate the growth of real incomes,

because of the distortion caused by the way computer output is estimated. As Mr Alan Greenspan of the Fed confirmed in his Congressional evidence last week, this leads to a significant under-estimate of inflation.

If the average American finds, like Alice, that he has to run quite fast to stay in the same place, the below-average American cannot keep up at all. Income differentials have widened rapidly during the Reagan era, and the working poor are now very poor indeed.

As in Britain, there is a poverty trap: a job at the minimum wage provides less support for a family than even the vestigial welfare system which operates here. It is a trap that at much lower levels of poverty, and there is a steadily growing minority caught in it.

The political result would certainly not count as a swing to the left in any other country than this. The popular disapproval of the President's decision to pay compensation to the families which were bereaved when the USS Vincennes shot down an airliner shows a quite

frightening level of xenophobia, not to say paranoia; one typical American mother, the head of her local parent-teacher association, was seen last week suggesting the other day that the Iranians might have sent a plane-load of corpses on a kamikaze mission. The usual myths about welfare fraud are widely believed.

All the same, the scant personal rewards of Reaganomics may well have undermined popular support for the President's central belief. The real debate between Republicans and Democrats is not about taxes or defence or even much about foreign policy. It is about whether the Federal government is a burden to be cut to the minimum, or a body which can address social and economic problems which neither the states nor the private sector seem able to solve. The support for the Democrats in the polls is support for more government.

While British supporters of the market counter-revolution can easily comfort themselves with the thought that they have a leader who works a great deal harder than the President, and a Government

free of major scandals, an economist must point out some less comforting facts. If Mrs Thatcher has been able to keep the ordinary voter happier than President Reagan has done, it is thank largely to North Sea oil, and to wage bargaining habits which she deplores.

The North Sea has sustained real national income, and the bargainers have ensured a full share for those in work. It has also supported Government revenues, so that it is only in her ninth year that Mrs Thatcher has been reminded of the lesson which the President failed to learn in his first: that tax cutting in a credit-addicted economy can undermine the balance of payments, even if fiscal policy is "sound". She has the benefit of his experience to produce a better outcome.

The President has had rather less in the way of real resources to distribute. US oil output has fallen only by heavy subsidy, and the cumulative swing of some \$800bn in net overseas assets means a permanent loss of national income which now stands at about \$70bn, and is

still growing by at least \$10bn a year (and much more, according to the deeply faulted official figures).

He has also imposed extra claims on these resources, or had them imposed on him. He allowed defence spending to rise so fast in his first term that not even a near-freeze in his second has brought Federal spending under full control.

This is because of the rapid growth of Federal debt-service payments. It is the taxpayer who has to service America's external debts, but this payment is also shared by the pension funds, and is part of the biggest income transfer of the Reagan era - not from the poor to the rich, but from the young to the old.

Indeed, it is the burden of a "funded" federal social security (pension) scheme, together with the apparently irresistible political power of the American retiree, which has done most to undermine the President's economic programme. This should have been at the head of his privatisation list, but was left off. Here at least Mrs Thatcher has the advantage of him. If she survives as the one remaining counter-revolutionary, that may be the reason.

INTERVIEW

A touch of the write stuff

Frank Lipsius meets US publisher Howard Kaminsky

"THERE ARE no tricks for finding good talent in writing and editing," says Howard Kaminsky, president of the Hearst Trade Book Group, as he reflects on a continuing spate of turbulent change in the US publishing industry. "Our job is to find manuscripts, which requires persistence - getting in early and staying late."

A published author in his own right, he perhaps best exemplifies the premium placed on known editorial talent. It remains scarce, even though star editors and executives are increasingly being given the sort of rewards and television exposure previously reserved for the best-selling authors. When Mr Kaminsky - the publisher behind such bestsellers as Megatrends and the racy novels of Jackie Collins - found himself abruptly out of a job last year, it was not long before he was hired by Hearst.

The move followed a headline-grabbing series of events which began with the marital and professional break-up of Dick Snyder, chairman of the US's largest publishing house, Simon & Schuster, and Joni Evans, the former president of the company's trade book division. Though the domestic discord had been brewing for some time, the professional relationship endured until last September, when Ms Evans accepted an offer to start her own imprint at arch rival Random House. Within two

months, Kaminsky was fired as editor-in-chief of Random House and Ms Evans took over.

If the problems at Simon & Schuster and the rush for Kaminsky's services indicate a shortage of talent at the top of the publishing world, they also show how individualistic the business remains despite the

● **PERSONAL FILE**
1940: Born in Brooklyn
1961: Graduated Brooklyn College in English Literature
1965-71: Worked at Random House
1971: Joined Warner Books as executive vice president
1973-84: President and publisher of Warner Books
1978: Co-author of The Glow under pseudonym Brooks Stanwood
1981: Co-author of The Seventh Circle
1984-88: Publisher and chief executive of Flandrom House Trade department
1988: President of Hearst Trade Book Group.

recent sale and purchase of companies like so many Monopoly properties.

Foreign companies have made a seemingly concerted raid on American publishing houses. But Kaminsky sees the present sales of American houses as a tribute to their health, not their weakness. "If anything is weak it is the dollar," he says, "which has attracted foreign publishers

who see the international connections in the book trade better than Americans." The insularity of the American market is understandable, he says. "The English are more aware of the export market, which has always represented about 40 per cent of their sales. Our rule of thumb is that Canada is about 10 per cent of ours."

The present \$2bn fight over the American house of Macmillan pits management against the Texas-based Robert M. Bass Group. The Bass Group obviously noted that in February, Pearson, the owner of the Financial Times and Viking Penguin Books, paid \$283m in an agreed bid for the Addison Wesley textbook house. The \$105 a share paid for Addison Wesley was more than double the \$49 a share at which it was trading a week before the bid.

The unprecedented consolidation in the American book publishing industry has also included the payment of \$300m by Rupert Murdoch for Harper & Row and Robert Maxwell's trumpeted ambition to spend \$3bn on American acquisitions - which forced Harcourt Brace Jovanovich into an expensive \$2.9bn recapitalisation to escape his advances. Macmillan's purely American struggle has thus quieted the cries of "the British are coming." "It's comforting to see sharks with stars and stripes," quips Kaminsky.

The American book trade went through a previous round of consolidations when Gulf &

Western Industries picked up Simon & Schuster and RCA sold Random House to the Newhouse family for \$70m. The five-sale prices of a decade ago reflected not only the general economic downturn of that time but also escalating advances and furious bidding for paperback rights.

Today, Howard Kaminsky notes with some concern that hardback prices have pushed beyond the once standard \$11.95 as production costs have gone up. The greatest pressure is on paperback books, where the cost of newsprint has increased by 40 per cent.

Such concerns do not shake his confidence in the health of the book business, however. To hear him tell it over lunch at the trade's favourite watering hole, the pricey Four Seasons restaurant in New York's Park Avenue, the US publishing industry has weathered two recent crises with a new sense of stability, if not prosperity.

The era of huge advances has abated and rampant book discounting among retailers has declined. The consolidations are allowing more publishers to buy combined hardback and paperback rights and, in some cases, make international deals. One of his goals, Kaminsky says, is to coordinate purchases for all the Hearst imprints, which include William Morrow and Arbor House hardback books and Avon paperbacks.

For himself, he says he has no intention of stealing authors from his former employer or even harbouring any bad feelings over his firing. He thinks he "won the popular vote but lost the electoral college" during his three years at Random House, where he had been considered the heir apparent to Robert Bernstein, the chairman, who hired Ms Evans. Having previously built up Warner Books over 11 years



from \$4m to \$50m in revenues, Kaminsky has the reputation of spotting bestsellers and marketing them to their potential.

The best known authors he has worked with include Norman Mailer, Jackie Collins, Sidney Sheldon and former US President Richard Nixon. He had known Mailer for a long time before they got together to do The Executioner's Song. Mailer, still under contract to Little, Brown, needed a lot of money to research what became The Executioner's Song. Warner paid him more than \$500,000 and it took an

extra year-and-a-half to complete a manuscript that was five times the originally specified length. Nixon's memoirs also needed trimming. Cutting is as far as Kaminsky likes to go in editing; he believes that editors cannot make up for bad writing. "All good books are the authors' books," he says.

He bought Megatrends and In Search of Excellence for Warner because "it was the beginning of the Reagan administration and I detected that people were more optimistic." Both were huge bestsellers. He believed Jackie Collins

was a "natural story teller. She also had that rare quality of being able to publicise her book with her natural attractiveness and relationship with her actress sister, Joan." Previous books had shown her abilities and "it was just a matter of time before she got the recipe right and had a bestseller."

Despite his association with the gritty end of the business, Kaminsky aims to serve "the not-big-enough reservoir of Americans for whom thinking is part of life." He worries about a country "where ban-

ning off-road vehicles attracts more interest than ideas. We educate a lot of people but damned few readers."

Aged 47, Kaminsky has written two published novels with his wife Susan. They use the pseudonym Brooks Stanwood.

His latest novel with his wife has been bought for world English rights by Bantam, which paid a six figure advance for the book. It is due out in the spring of 1989. "We could have sold it for twice the advance once it was done," Kaminsky said, sounding like many an author. "But we wanted the incentive (of an advance) to write it." The new novel, tentatively titled Talent, is about a literary agent and therefore takes a perspective from the opposite side of the negotiating table to which he is accustomed as a publisher.

Much attention has been paid in the business recently to the introduction of off-beat promotion techniques, like authors' videos to go along with music videos, the pop music television channel, and the mailing of promotional copies of Sally Beauman's best-selling Destiny in a chocolate box.

But Kaminsky sees serious books as the latest trend. Recent bestsellers include a criticism of American education, The Closing of the American Mind, by University of Chicago professor Allan Bloom, Bari Betra's arcane economic argument presented in The Great Depression of 1980, and Paul Kennedy's Rise & Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000.

He takes comfort in noting the decline in advances publishers once lavished on the best-selling authors. The trend peaked with the \$5m purchase, by his new employers before his arrival, of James Clavell's Whirlwind, which reputedly sold only about half of the 800,000 print run, although it may not have lost money.

In his new job, Kaminsky will try to press more co-operation on Hearst's hardback and paperback houses, so it will make more "hard and soft" deals. As for the acquisition of other publishers, he does not want to branch out into textbook publishing and sees few opportunities during the present takeover frenzy. "But it's like Zsa Zsa Gabor," he says. "Sometimes she's married and sometimes she's available. You have to wait for the right opportunity."

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TAJ INTERNATIONAL HOTELS

Why Marre is marred

MUCH LAW REFORM is based upon the reports and recommendations of Royal Commissions, departmental committees or occasionally prestigious committees independent of government, like the Marre Committee on the Future of the Legal Profession. The committee was set up by the two sides of the legal profession, the General Council of the Bar and the Law Society, and which reported last week.

If law reform is to be successful it needs to be carefully considered by a wide range of people whose views will command general approval among politicians and administrators as well as the public. This objective can be secured more easily from an independent inquiry than from inside government or indeed from experts on the subject under inquiry.

Nowadays it is the common practice for such committees to be composed, very deliberately, of those who represent the various interests relative to the topic under discussion. Thus the experts in the committee will be serving on the committee, poised to argue their professional or occupational interests.

This is in marked contrast to the great 19th century "Blue Books" - the indicators of social ferment and change - which were written by those who were unconnected with the topic under review and simply took evidence from organisations such as professional bodies and other relevant associations. The proposals that came from one quarter were commonly put to other witnesses from a different standpoint.

As the inquiry progressed there would emerge the true measure of agreement and the nature of the opposition that could be anticipated if any proposal were enacted. So far as the

rival contentions persisted, the independent and dissociated members would be more likely to opt for one course of action (without dissent) and less prone to compromise between the rival views within the inquiring body.

The inherent defect in the Marre committee was its composition - six practising barristers, six solicitors and six members from outside the practising legal profession (it contained two academic lawyers and a distinguished lay magistrate). An important purpose in setting up the committee in 1986 was to defuse a worsening relationship between the two branches of the legal profession and to try to resolve particular differences about rights of audience to solicitors and direct access to the Bar

On the burning topic of the Bar's monopoly of advocacy Marre was predictably divided and hopelessly unhelpful

by other professions. Other important topics, such as legal aid, legal education and solicitor-appointments to the bench, presented no such instinctive differences of opinion and were thus susceptible of unanimous recommendation.

When it came to the burning topic of the Bar's monopoly of advocacy in the higher courts the Marre committee was predictably divided and hopelessly unhelpful to those who will have to

decide the future pattern of advocacy.

While the outsider to the legal profession may observe the Bar's stout maintenance of its restrictive practice with scepticism, he will nevertheless find the arguments of the minority - six barrister members of the committee (plus the one independent member) - much more cogently reasoned than those of the majority, the proponents for allowing solicitor-advocates to conduct cases in the Crown Courts.

The main thrust of the dissenters' arguments is that any significant extension of solicitors' rights of audience in the higher courts (including the Crown Court) carries a high risk of an ultimate move to fusion of the two sides of the profession. Even if the extension to advocacy in the Crown Courts is not all that significant, the minority is justified in seeing such an extension as the thin end of the wedge.

The majority's response is flawed in two respects. Logically, if solicitors can conduct trials of serious criminal cases there is no reason why the same advocates could not conduct cases in the High Court or the Court of Appeal. The report says nothing about rights of audience in the civil courts or the criminal appellate court without explaining why it draws the line at the Crown Court. The majority moreover would not even extend the right of audience to lawyers employed by the Crown Prosecution Service. Yet the Director of Public Prosecutions has actively promoted such a development.

The majority on the Marre committee states that the rights of audience in all courts other than Crown Courts should remain unchanged. The response to the Bar's claim to the monopoly could have been to counter the argument that it would lead to fusion of the two sides of the profession, a move which would be



JUSTINIAN

Inherently against the public interest. Yet the majority specifically rejects the idea of fusion. By taking its stand alongside the Bar on the fundamental structure of the legal profession, the majority's reasoning is seriously marred. Until there is a resolution of the proper organisation of the legal profession, demarcation disputes about rights of audience and access to the Bar by other professionals will rumble on, to the detriment of a modern legal service for the public.

Extension of rights of audience in all Crown Court cases can be implemented by direction of the Lord Chancellor. Any wider extension (not, of course, recommended by the Marre committee) would require primary legislation. If Lord MacKay of Glashern adopts the majority view - which on balance seems likely - the argument between the two branches will not simmer down. Unfortunately the Marre committee is only the latest, and certainly by no means the last, word on what kind of legal service the public urgently needs and wants. The price of a balance of competing interests in the composition of the Marre committee is a severely delayed law reform.

ARCHITECTURE

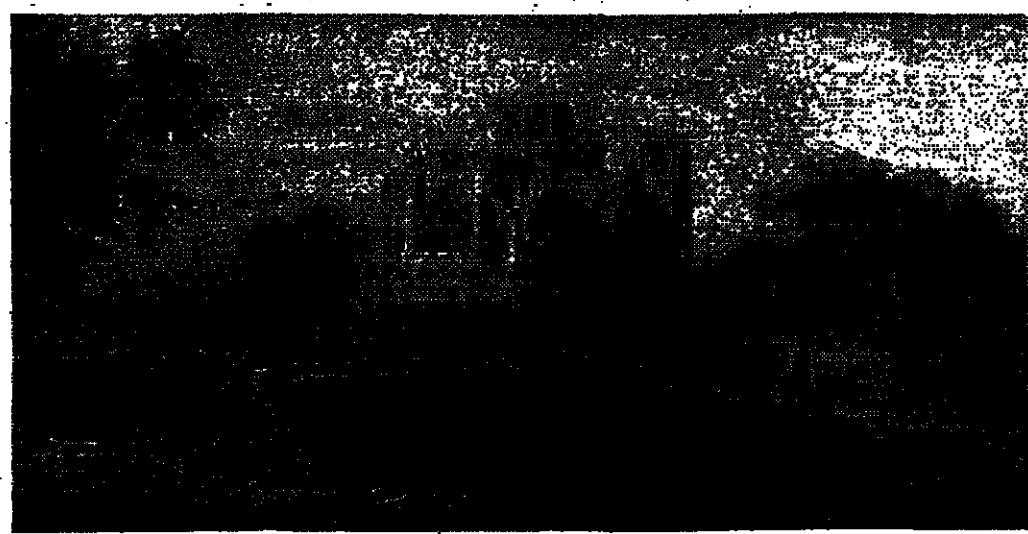
Country life captured on canvas

Colin Amery visits an exhibition at Colnaghi

The focus of artistic attention upon the landscape towns and villages of Britain is the subject of the summer exhibition at London's Colnaghi gallery (14, Old Bond Street, London, W1, until August 20). This is a loan show of view paintings, Prospects of Town and Park, held to mark the 85th anniversary year of the National Art Collections Fund.

At a time when there seems to be scarcely a town or village in the kingdom that is not being added to or radically altered by the changing economic climate, it is important to reconsider how we view our landscapes. As the exhibition catalogue reminds us, Britain is unique among European countries for the flowering of topographical art. Combine this activity with a national obsession for antiquarianism, genealogy and country life and you have a land that is more recorded and scoured over for its historical worth than any other. The Society of Antiquaries has a library of antiquarian maps and plans throughout the world for its compendium of local historical knowledge. Local is the key word, because what makes Britain so fascinating to the foreigner is the extreme range of its regional differences.

In architectural terms this is something that deserves careful study, particularly as every brick and slab of concrete can now be centrally manufactured and moved around the country regardless of local conditions. It is important to remember, as the Secretary of State for the Environment, Mr Nicholas Ridley has pointed out recently, that it is the District Councils who give planning permission. They are the bodies who can decide on appropriate materials, and even the shapes of doors and



Myll of times; east: Ripon Minster from the North East; c1800 by Hendrik de Cort

windows. This is supposed to be a democratic function, but I think it is very doubtful whether any councillor or elected member by travellers, and the activities of the promoters of the Picturesque. William Gilpin advanced the theory of the Picturesque in his book *The Southern Tour*, published in 1774, in which he tried to make a theory of "eye and hand." It is this sense of the artistic potential of landscape and townscape that we are in danger of losing through standardisation, Americanisation and general visual decay.

The exhibition has many charms but one star: a great panorama of the town of Louth painted from the spire of the church of St. James while it was being restored in 1844-5. The artist, William Brown, perched on the scaffolding of the church spire to make his sketches. It is a brilliant achievement, showing some fifty towns and villages in the mid 19th century. Brown added to the panorama as the railway arrived and the new Corn Exchange and Town Hall were built. Painted in a delightfully primitive style, there is activity in the streets, even a funeral procession on its way to the churchyard. Is it the actual town that, to our modern eyes, looks so totally harmonious and in scale? What would a panorama of Louth show today, or a panorama of the centre of Birmingham, Docklands or any other godless desert?

The harmony in so many of these view paintings is not just the skillful match of the artist's palette: it was the conscious use of indigenous materials and the hierarchy of architectural scale that made our towns so agreeable and often beautiful. What a glory in the view of Ripon Minster by Hendrik de Cort seen before Gilbert Scott's restoration of that arch in the 1860's. There is of course no river in the spot shown in the painting, and no hills in Yorkshire look quite as Roman. Ripon Cathedral is currently trying to raise some £1.5m for its restoration and repair, but it is doubtful whether its setting could ever be as idyllic as this again.

When it comes to views of houses, the oil painting of the front of the Regency Eaton Hall (designed by William Forden) shows how refreshing and elegant the Gothic style was before it was eclipsed by the later Victorian fantasy of Alfred Waterhouse - which the catalogue aptly describes as

Wagnerian. This is a rare view, and one cannot help wondering whether the present building activities at Eaton are being so well recorded. The view of Sprothrough Hall near Doncaster indicates the transient nature of architectural achievement. This marvellous house - seen in the painting in 1703, complete with formal fountain - vanished in the 1820's and is now a housing estate.

Things are more hopeful in the town of Whitehaven, seen in an 18th century birdseye view. A significant part of the Georgian town centre is being restored in an unusual project, funded by Copeland Borough Council and British Nuclear Fuels. From coal based prosperity to nuclear prominence (Sellafield is 12 miles south), Whitehaven continues to thrive on fuel, which makes this unusual project seem appropriate. It is a remarkably elegant Cumbrian town, and the existence of so much contemporary topographical material is an important factor in its accurate restoration.

Incredible accuracy of detail in all these paintings is one of their most striking features. The organisers call for a national exhibition of this particularly British art form that should be encouraged, but it should tour the regions to emphasise, as nothing else would, the danger of losing local identities under a dreadful net of motorways and commercial standardisation. The other valuable lesson to be learned from this exhibition is the importance of places to stimulate the visual imagination. Above all it encourages us to look around us - what would a great topographical artist make of the prospects we are creating today?

CHELTENHAM FESTIVAL

Quintessence of civilization distilled in the Pump Room

In 1788 George III paid a first visit to Cheltenham, and the town's reputation as a watering hole was launched. The 1988 Cheltenham Festival, just ended, took the 200th anniversary of that visit as basis for a gentle thematic concentration on music in 1788.

One of the more refreshing results was the decision of Opera North, which has been installed in the final festival week at the Everyman, to mount (alongside Peter Gill's 1987 production of *Le nozze di Figaro* Handel's *Acis and Galatea* in Mozart's re-scoring. Since that was completed in 1788, and since Handel was both a favourite of George's and himself an occasional visitor to Cheltenham, the conjunction was pleasantly tidy. The most noticeable difference between Handel/Mozart and the original is Mozart's added woodwind parts (such as the year of clarinet offering a note of bucolic cooing in "As when the dove"). The re-scoring of one great genius by another always makes such an exercise worthwhile; another point in its favour is that, to ears now habituated to Handel performed with "period" forces, Opera North's modern-instrument orchestra probably sounds a degree less unstylish in the later arrangement.

Whether *Acis*, that sublime quintessence of 18th-century pastoral, should ever be staged at all is a more difficult question. It was not, originally, and companies moved by the perfect radiance and richness of the work to invent a theatrical existence for it usually find the going hard. Ian Judge's economical and mildly diverting modern-dress staging - *Acis* as a picnic on the grass with an unexpectedly tragic conclusion - was forced, like so many of its predecessors, to do

a deal of gentle filling-in to cover over the absence of dramatic action. It was cleverly done: though passing hiccup of logic were encountered on the way - classical myths updated usually run such risks - and the business of immortality conferred on the elain Acis was fudged, there was wit in the attempt.

Mr Judge's opera productions always have a good deal of wit, even the ones that make not very good sense all the way through. He and designer Russell Craig certainly capture the full glum horror of British picnicking with regulation outdoor-best clothes and umbrellas. But the moves and demeanour of the principal quartet had to be implanted on their roles, and generally there was a feeling of decorous superficiality to the evening. When David Lloyd-Jones and the orchestra have found their way to a more springy reading of the score, with less rhythmic joggling in such numbers as "Happy we!" it may well be reduced.

The singing was stylish, and in the case of Harry Nicoll's personable Damon and Matthew Best's sharply imagined Polyphemus (a wine-bottle-bugling society misfit in red tails and designer stubble), matched by stage presence of similar quality. Maldivyn Davies was a smooth-voiced Acis, but, as usual, not much of an actor. Anne Dawson seems to have lost her special youthful purity and warmth of timbre, particularly at the top (too many Cuning Little Vixens?) - a temporary loss only, one prays. The chorus was good at carrying out Mr Judge's instructions, rather thick-voiced for Handel/Mozart. The pronunciation of the heroine's name to rhyme with Malaya needs instant correction. The Australian Bicentenary

has been given a nod by the invitation of the virtuoso Australian new-music sextet Fiederman (name unexplained in programme) to give two Pitville Pump Room recitals. (They are also due at this year's Proms.) The second Cheltenham appearance, on Saturday, was a light-spirited affair - whether by chance, or because of the group's natural New World tendencies, almost all the music played on this occasion (including *Miniature III* by Fiederman founder and pianist Carl Vine) was of an incisive rhythmic profile, often bouncily so, and that helped to remove the grey pall that so often hangs over contemporary music concerts.

The ability to combine rhythmic science with good humour was noted in Jeff Pressing's *If I Were 12*, but the jokes in Martin Wesley-Smith's *Snark-Hunting* tended to the gross - it's odd that Lewis Carroll, most intimate of fantasists, should inspire modern composers (David Del Tredici in his gargantuan *Alice* series, now Wesley-Smith) to "over-blow" in this way.

The backbone of the Cheltenham programme is the series of morning chamber concerts. This year the focus has been on Brahms, and on Saturday morning the Chillingham Quartet, with the pianist Steven de Groote, were on unusually relaxed, fluently lyrical (and mostly well-tuned) form for the B flat Quartet, Op. 67, and the F minor Piano Quintet. There is nothing quite like a full Pump Room bent on the pleasures of chamber music - if the adjective "civilised" didn't carry with it suggestions of wishy-washiness, that's the word one would choose to sum up the Cheltenham experience.

Max Loppert

Sophiatown

HAMPSTEAD THEATRE

There are exotically demotic visitors to the Hampstead Theatre, namely the Johannesburg, who tell a 30-year-old history of the bloom and destruction of the black township of Sophiatown, once known as the Chicago of South Africa, home of Ishabean Queens, writers, hustlers and white liberals.

Oliver Tambo and Nelson Mandela once walked these streets, and Bishop Trevor Huddleston had a mission here. All three are fleetingly referred to in a drama originated in workshop conditions that becomes, in Malcolm Furley's production, an abstract shanty town allegory of life with the sort of a capella and street music eruptions made justifiably popular on Paul Simon's *Graceland* album.

The action happens either side of the 1985 removals, and the re-naming of the zone "Triomf". The residents include a jazz club, a Junction (Arthur Molepo), who ranted on the Band and now studies Richard Widmark in the Odeon; a Princess (Nandi Nyambe) from the slums who gets going as a photographic model when the going gets tough; and James (Patrick Sheu), a radical journalist on Drum magazine torn between sports reporting and political truth-telling but anxious to avoid the alcoholic noisiness of Can Themba.

James has advertised for a

live-in Jewish "diamond lady," and the routine is upset by the sacrificial arrival of Ruth Cohen (a flame-haired Neopolitan performance of blow-torch intensity by Megan Kroschal) from nearby Yeovil. Ruth wants innocently to break barriers and, over Friday night glasses of horrible red wine, is variously received as a saint, a jazz fiend and a do-gooder.

The community's humanity to change is represented by the magnificent Mameroff and her English-educated, enthusiastically Wordsworth-quoting daughter, and by the brown-skinned paternal Mr Fugard of Ramolao Makhebe, an actor we associate fondly with the visit, five years ago, of the co-producing Mambasa Theatre of Johannesburg with Athol Fugard's *Master Harold and the Boys*.

Fugard himself wrote two Sophiatown plays, but found his voice after the political damage was done. This piece ends in the tears only washed away by long rain, but survives in the anger and dignity of actors admirably immune to the ironical incongruity of playing to a supportive white liberal audience in a predominantly Jewish theatre-going neighbourhood.

The chief pleasures arise from the steamy effortless elisions between corporate dialogue and song, which ranges from jazz and five to barbershop, traditional and funk. This lovely stuff could happily have swamped more of the proceedings to some advantage and the general good.

Michael Coveney



Ramolao Makhebe, Arthur Molepo, Siphwe Khumalo and Patrick Sheu

Orlando Paladino

ST JOHN'S, SMITH SQUARE

Even with the widening repertoire that we enjoy these days, Haydn the opera composer rarely gets to show his face. The relatively few plots, may be some justification for the neglect of his sizeable corpus of dramatic works in the opera house but a vital concert performance can bring the composer's uniquely effervescent personality forcefully centre stage.

Of all his operas, *Orlando Paladino* is one of the most individual and the high proportion of good music that it contains (admittedly spread over a long evening) carried every due ounce of impact in this lively performance at St John's, Smith Square given by

the Downshire Players of London under Peter Ash on Thursday. The playing was bright and alert in the best classical style; and they showed a welcome eagerness to keep the show on the move.

Indeed, an unexpectedly keen dramatic sense is one of the main pleasures of the score. It does not come as a surprise to find Haydn writing some affecting set-piece arias; but the first act finale, in particular, is wrought with all the mastery of theatrical tension that one would expect to find in Mozart.

The characters are also more vividly defined than usual. From her limpid entrance aria the soprano Angelica is portrayed with a genuine touch of

humanity, nicely realised with some beautifully poised singing from Ross Manning, and if her male counterpart Orlando has mostly less interesting music in his role, at least the tenor Adrian Thompson squeezed from it as much expression as he could.

The real gift of the opera, though, is the humorous baritone role of Faguccio (a Lepollo in the making) and Cleary Dolton fully deserved to steal the show with his succession of witty, showpiece arias. Alistair Miles as a sepulchral Cavonte and Susan Burghardt as the simple shepherdess Emilia were the best of the other soloists. Truth to tell, there are probably too many of them, but it seems unfair to complain when Haydn gives each something worthwhile to do.

Richard Falkman

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Sorabji by Ogdon

ELIZABETH HALL

Some readers will need to be reminded that Kulkarni Sorabji is the Parsee polyglot, now 96 and still resident in Dorset, who acquired renown a half-century ago as a loquacious critic and as a composer of strange music on a gigantic scale, above all for virtuoso piano. Dissatisfied with other performers' efforts, he forbade public renditions of it during four decades, and relearned only a dozen years ago. Among his largest works is the near-legendary *Opus Clavicembalisticum* of 1890, never performed complete in England until last Thursday, when the intrepid Park Lane Group arranged to have John Ogdon give it an heroic exposition.

'Heroic' is not lightly used here: though Sorabji studied other pianist-composers intensively - Liszt, Scriabin, Medtner, Albeniz, Busoni, Godowsky - he is the proper avatar of Charles-Valentin Alkan. Alkan's and Sorabji's pieces alike not only prescribe fantastic technical feats for the performer, but tax his stamina nakedly and cruelly over thirty or forty minutes at a stretch. Transcriptions for several players might make the music easier to play, but they would lose the point: the brute physical challenge that Ogdon met with such awe-inspiring resource.

The three parts of the *Opus Clavicembalisticum* comprise a dozen movements and occupy about three and a half hours, of which perhaps nine-tenths is

of relentlessly sustained difficulty. Besides four giant figures of ever madder complexity, there are a Theme with 34 Variations and a 'Passacaglia cum LXXXI variationibus', interludes and cadenzas and more. Ogdon delivered everything with omni-competent sympathy (going bravely with one of the South Bank's less lovely Steinways, hardly tiny upper octaves), and still rose powerfully to the ultimate rhetorical demands of the 'Coda stretta'. It was undeniably an Experience: what kind of experience can hardly be decided on a first hearing - but Ogdon has recorded a performance that Altkaruz will release in the autumn on four CDs.

The massive contrapuntal blocks of the O.C. are more audibly organised than much of the earlier Sorabji music we have been hearing since he relaxed his ban, while displaying an equally extravagant variety of keyboard textures. For this grandiose scale variety is essential; but in certain respects Sorabji's strikes me as compromised. By contrast with his flighty chromaticism, his rhythms - beneath the undisciplined right-hand ethiopianisms - rarely offer more than a doggedly even, Hindemithian beat (the 'da, di-di DUM' tag in a principal section of the third fugue came like mamma in a rhythmic desert). And the chromaticism itself sounds unconvinced: at least, Sorabji falls back suspiciously often upon the 'evocative' chains of

triads which were an earlier generation's stock-in-trade, and upon long-held theatrical pedals (which never lead to clear resolutions).

My tentative diagnosis is that this music reveals a passion for originality which hasn't been fulfilled by a cogent idiom: it tingles with refined quirks, but the intended dramatic structure calls for a performer's instincts - praise be to Ogdon's! - to ensure the grander effects which have been no more than half-composed. (The price of belonging to no recognisable school is high.) That said, I should be happy after further acquaintance to eat my words.

David Murray

Saleroom

Medals for meddling

The saleroom season is winding slowly to its close, at least at Sotheby's and Christie's. Phillips and Bonhams carry on through August and indeed the influx of tourists means that among the dealers at least this is a busy time for the art market. But, traditionally, the main aristocratic customers of the leading auction houses were away shooting at this time and the rooms closed for a lengthy break in memory of the events in Moscow in 1918.

On Wednesday Sotheby's is holding an auction of modern British paintings, drawings and sculpture. These are always interesting for the opportunities they provide to buy the work of contemporary artists at prices lower than those charged by dealers. For years the salerooms have been trying to get artists to sell work through auction rather than suffer the 100 per cent mark up of their dealers.

There is good collection of work by Sir Sidney Nolan, Eric Richards, Patrick Heron, Elisabeth Frink, John Bratby, and in its automobile cycling and aeronautics pavilion on Wednesday Phillips is offering two penny farthings of around 1880. They are rideable and estimated at up to £1,500.

Antony Thorncroft

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A sombre anniversary

IT IS a painful day for South Africa. Nelson Mandela marks his seventieth birthday in jail, his spirit undiminished by 26 years in prison. In this time he has transcended his position as leader of the banned African National Congress to become a symbol of the world over, of resistance to apartheid.

For Mr Mandela this is a personal triumph. But both for the South African government and the ANC itself, the day should be one of sombre reflection. It highlights the hollowness of Pretoria's promises of real change, and the limitations of the country's leading anti-apartheid organisation in its efforts to create a democratic society.

No single act would do more to convince a sceptical world of President P.W. Botha's commitment to fundamental political change than the unconditional release of Mr Mandela (and other political leaders). It is not in sight.

So fearful is Pretoria of Mr Mandela's influence, even from behind bars, that it banned pop concerts marking his birthday. His continued imprisonment not only undermines Mr Botha's protestations of reform, but shows that the South African government clings to the belief that there is a viable alternative strategy.

A flawed approach

Pretoria argues that the "right" conditions for Mr Mandela's release must first be created. There must be an end to the unrest in the black townships which, while calmer than in the tumultuous period of 1984 to 1986, continue to simmer. In addition, black political aspirations should be channelled through institutions and organisations that Government deems suitable.

Having established the framework for black politics, Government would also like to set the agenda for a national consultative council, where black and white would meet to discuss the country's constitutional future. The agenda excludes the black homelands and the Group Areas Act, two pillars of apartheid which Mr Botha has made clear will remain.

This strategy falls to take heed of the history of African nationalism elsewhere on the continent. The governments of the day tried to suppress opposition by jailing men such as Jomo Kenyatta, Hastings Banda and Robert Mugabe. There may be few parallels between South Africa's condition and the experiences of Kenya, Malawi and Zimbabwe but one lesson is pertinent: people choose their own leaders; and the release of these leaders precedes, rather than follows, the creation of a climate for negotiation. Sooner or later President Botha (or his successor) will have to acknowledge this.

It should also be a sombre day for the ANC, notwithstanding its legitimate celebration of their leader's courage. Few would dispute that the organisation is critical to South Africa's future, but it is showing signs of strain and indecision.

The ANC appears to have chosen, as some of its senior officials confirm, to hit soft civilian targets. This has created a division between the conservatives of the old guard, led by Mr Oliver Tambo, president of the party, and younger, more radical members.

These strains apart, the organisation needs to consider the adverse impact on western opinion of such attacks. Yet if violence will not of itself end apartheid, the ANC has to set out additional strategies.

Unresolved debate

It appears to be making little progress. There is still a debate under way about the extent to which selective participation in government sanctioned outlets could be turned to advantage.

The gap between an obdurate government in Pretoria and a frustrated ANC at its headquarters in Lusaka is so wide that it might be expecting too much of one man to bridge it. But as the Commonwealth's eminent persons group put it in their 1986 report: "Nelson Mandela's freedom is a key issue which would not be appropriate for a peaceful resolution of a conflict which otherwise will prove all-consuming."

The selling of life assurance

DISCLOSURE of commissions amounts to something of a time bomb under the roof of Britain's life assurance industry. Last Friday was the deadline for submissions to the Securities and Investments Board in response to the study of disclosure of life assurance charges and expenses commissioned by the SIB from accountants Peat Marwick McLintock and published in May.

What would otherwise have been a fairly academic study was turned into something much more urgent by the decision of Lord Young, the Trade Secretary, to require full disclosure of commissions on life assurance policies by the beginning of 1990. The submissions by life assurance trade bodies reveal the extent of concern about this development.

Disclosure is inevitably a problem with life products because they have been deliberately designed to be opaque. This applies especially to with-profit policies where bonuses are awarded on the basis of obscure actuarial and marketing decisions.

Some twenty years ago unlinked policies began to become popular, precisely because they offered greater transparency. Even so, however, the changing basis was intentionally made obscure by the incorporation of devices such as capital units which effectively bear extra charges.

of commissions and other costs and charges to buyers of policies would not be appropriate. It suggested that information should be supplied only on request. Otherwise, its disclosure recommendations were directed towards improving the ability of independent intermediaries to give good advice.

Lord Young's more basic disclosure requirements have cut right across this approach. The idea is simply that buyers of policies should be told how much they are paying their independent advisers. This is so they can judge the value they are receiving and compare the costs with those of non-life alternatives, such as unit trusts.

Distribution bias

But such disclosure is not to be applied to company salesmen. The industry has therefore protested that there will be a severe distribution bias in the independent sector which will be devastated because the public will turn to the single company agents for "free" advice. In particular Camilla, the Campaign for Independent Financial Advice, a group of 13 life offices which sell only through independent intermediaries, has called for an across-the-board disclosure method which will allow independent advisers and company salesmen to continue to compete on a level playing field.

The snag is that to try to impose comparable disclosure across the whole range of life products would be to open a Pandora's box. In any case, the industry's protests beg the question of whether the existing playing field is angled the right way. Arguably there are too many salesmen, and marketing costs are too high. There is a need to provide incentives for cheaper distribution channels to appear. In other words, there is distribution bias already.

Something is wrong if independent advisers are afraid to disclose their remuneration to their clients. Such disclosure is an essential first step towards improving the efficiency of the market in investment products. But this improvement cannot be achieved without uncomfortable adjustments and protests from powerful vested interests.

Distribution channels

Another layer of complication arises from the fact that life assurance products are sold through two quite different distribution channels. One consists of independent intermediaries who select what they consider are the best products on the market. The other consists of company salesmen, or tied outlets, selling only a single company's products.

Both channels, at least until 1990, share the feature that customers are kept in ignorance of the high level of marketing costs. The industry is concerned that disclosure, or a change to a fee-based advisory system, would deter clients and lead to a sharp fall in the volume of business being done.

The FIM report came to the conclusion, comforting for the industry, that direct disclosure

Stewart Fleming on the tensions at the Democratic party convention

When the Democratic Party convenes today in Atlanta, Georgia to choose its candidate for the 1988 Presidential election, the delegates will once again be asking themselves whether the televised drama in which they are participating is depicting the destruction of their political dreams.

Democrats in recent years have never been able to put entirely out of their minds the thought that most of their quadrennial conventions since the death of President Franklin Roosevelt seem to have been jinxed.

The bad luck started with the "Dixiecrat" revolt in 1948 when southern racists walked out of the convention in Philadelphia, the City of Brotherly Love. Since then - continuing through a fiasco over the choice of party chairman in San Francisco in 1964 - Democrats have regularly shot themselves in the foot. The performance has advertised their disunity and disorganisation and invited the voters to ask: "Can we really trust these guys to run the country?"

Until about two weeks ago 1988 was shaping up differently. As the convention approached, the party faithful were in a more confident mood than at any time since they nominated Georgia's Governor Jimmy Carter in a rare display of post-Watergate unity in 1976.

They were ready to line up behind Governor Michael Dukakis, the 54 year old Massachusetts technocrat, whose relaxed manner and almost flawless organisation had won him control of well over half of the four thousand delegates. To the astonishment of most political pundits, he was leading Vice President George Bush, his certain Republican rival, comfortably in the polls. And he was poised to take control of a party so desperate for victory after having lost four of the last five presidential elections that it was ready to put factionalism aside.

Broad agreement had been reached on the party's rules and on a bland and brief party platform. It seemed settled that the convention itself would not be marred by televised disagreements.

This was particularly important in a year when the Presidential election may hinge more on the voters' perceptions of the character and competence of the candidates than on the issues they are both ducking. Mr Dukakis, it seemed, could look forward in Atlanta this week to an opportunity to present the voting public with two hours a night of carefully choreographed prime time promotion of the party and its candidate.

The party organisers had even hired Hollywood producers in a bid to make the event as appealing as possible to television viewers.

Enter Mr Jesse Jackson, and with him, in a thinly disguised form, the racial divisions which forty years ago had erupted on the convention floor in Philadelphia and which have been contributing to the disintegration of the Democrats' "New Deal" coalition ever since.



Men of the hour: Governor Michael Dukakis (right) and Senator Lloyd Bentsen

The strains behind the Dukakis smile

primary elections (no black candidate has ever competed so strongly); his insistence that he is qualified to be President; and his warning that he may mount a challenge for the Vice-Presidency on the convention floor - all have raised hopes which he must know cannot be fulfilled. He does not have the votes to force through any major changes in the decisions Mr Dukakis has made. But lowering the expectations of his mainly black supporters will be difficult.

For Mr Dukakis the challenge is no less daunting. The steely political calculation behind the choice of Senator Bentsen, and the rebuff to Mr Jackson, are deeply troubling to the party's black and liberal activists.

By keeping his distance from Mr Jackson, Mr Dukakis is consciously risking the loss of only 5-10 per cent of the black vote, says a Washington political analyst. He knows that blacks are the most loyal Democrats, and if they do not vote for him they will not vote at all.

But if Mr Dukakis is perceived to be too close to Mr Jackson and his political agenda, he risks losing legions of white swing voters, the nominal Democrats, largely blue-collar workers, who voted for Ronald Reagan in 1980 and 1984.

Securing the support of these voters is vital if Mr Dukakis is to win in November, for they will not just stay at home if he alienates them - they will turn out and vote Republican. "The logic (of Dukakis's strategy) is impeccable," says the Washington analyst. "A Republican vote hurts you twice as much."

None the less, Mr Dukakis must now extricate himself, under the glare of the television lights, from the uncharacteristic way in which the Vice Presidential selection - after the most meticulous checks ever into the candidates' backgrounds - was botched at the

last minute. Recreating the atmosphere of unity is vital not just to ensure a high turnout of black voters, but also to erase the question marks this episode places over Mr Dukakis's political persona.

He is, after all, still virtually unknown to many voters; his political skills have never been tested on the national stage; and his political convictions are difficult to categorise.

Behind the implicit question "Who is Michael Dukakis and what does he stand for?" there are perhaps three elements of public uncertainty.

● Mr Dukakis - "Cool hand Duke" as one news magazine calls him - has been a prominent national figure for only a few months; he is by nature a

person who reveals little of himself to those around him. ● He is trying to get elected partly by telling a country that faces some painful economic choices very little in detail about the direction he intends to take. ● And he is a representative of a new style of American politician who cannot be neatly tagged as a liberal or a conservative, or identified in terms of party regulars and voters can easily recognise.

Among this group - which includes, for example, Governor Tom Kean of New Jersey, a Republican, and Governor James Blanchard of Michigan, a Democrat - it is difficult at times to distinguish which are Republicans and which are Democrats.

Like Mr Dukakis, their approach to the job has been shaped by the practicalities of dealing with economic and social change in their states in a period when, under Ronald Reagan, the Federal government has been retreating (both financially and philosophically) from the effort. State government has thus become the crucible of political innovation in fields such as economic development, education policy and welfare reform.

"Much of what Government has tried to do in the past fifteen years has failed," said Mr Dukakis in 1975. Since then as Governor of Massachusetts, between 1974 and 1978 and from 1982 onwards, he has been encouraging experiments in welfare reform and partnerships between the public and private sectors and local communities in such things as industrial development, job training and venture capital

The Democrats have invited the question: "Can we really trust these guys to run the country?"

Like Mr Jackson is frustrated at what he sees as his exclusion from the process by which the leader is plotting his election strategy. He said last week: "Mr Bentsen represents one wing of the party. I represent the other wing. It takes two wings to fly, and so far our wing is not connected."

How much of a threat the rupture is to the harmony Mr Dukakis had been hoping for at the convention, and how much of a danger it poses to his election campaign, will become clearer as the week progresses.

Like Mr Dukakis, Mr Jackson faces a challenge to his political skills in Atlanta. His historic breakthrough in the

primary elections (no black candidate has ever competed so strongly); his insistence that he is qualified to be President; and his warning that he may mount a challenge for the Vice-Presidency on the convention floor - all have raised hopes which he must know cannot be fulfilled. He does not have the votes to force through any major changes in the decisions Mr Dukakis has made. But lowering the expectations of his mainly black supporters will be difficult.

For Mr Dukakis the challenge is no less daunting. The steely political calculation behind the choice of Senator Bentsen, and the rebuff to Mr Jackson, are deeply troubling to the party's black and liberal activists.

By keeping his distance from Mr Jackson, Mr Dukakis is consciously risking the loss of only 5-10 per cent of the black vote, says a Washington political analyst. He knows that blacks are the most loyal Democrats, and if they do not vote for him they will not vote at all.

But if Mr Dukakis is perceived to be too close to Mr Jackson and his political agenda, he risks losing legions of white swing voters, the nominal Democrats, largely blue-collar workers, who voted for Ronald Reagan in 1980 and 1984.

Securing the support of these voters is vital if Mr Dukakis is to win in November, for they will not just stay at home if he alienates them - they will turn out and vote Republican. "The logic (of Dukakis's strategy) is impeccable," says the Washington analyst. "A Republican vote hurts you twice as much."

None the less, Mr Dukakis must now extricate himself, under the glare of the television lights, from the uncharacteristic way in which the Vice Presidential selection - after the most meticulous checks ever into the candidates' backgrounds - was botched at the

last minute. Recreating the atmosphere of unity is vital not just to ensure a high turnout of black voters, but also to erase the question marks this episode places over Mr Dukakis's political persona.

He is, after all, still virtually unknown to many voters; his political skills have never been tested on the national stage; and his political convictions are difficult to categorise.

Behind the implicit question "Who is Michael Dukakis and what does he stand for?" there are perhaps three elements of public uncertainty.

● Mr Dukakis - "Cool hand Duke" as one news magazine calls him - has been a prominent national figure for only a few months; he is by nature a

ambling. His critics on the right say, he has had the good fortune to be in power during an economic boom, and that by inclination he is a big spending liberal. His critics on the left say he is a steady technocrat whose social programmes are half-hearted. As these conflicting judgments suggest, he is a difficult man to label, except as a cautious pragmatist.

Governor Bruce Babbitt of Arizona, a similar figure, says of his party that the Democrats "have pretty clearly moved away from the past, but we are in this kind of difficult transition in which the agenda of the future still has not crystallised. You still sense this groping."

To some, Mr Dukakis is the embodiment of this uncertainty: a politician whose first battle as a state legislator was for car insurance reform; a man who articulates no clear vision of the future. On this view, his avoidance of the issue of how he would tackle the federal budget deficit means that he is not only avoiding telling the voters about the painful choices that lie ahead but also avoiding a debate which would help to define his political character more clearly.

He is, says Mr Thomas Mann of the Brookings Institution, a "Washington blank tank," a "transient figure" in the Democratic party. His selection of Senator Bentsen as his running mate connects him with the strategies and philosophies of a part of the party's past. And, of course, it has immediately got him into trouble with another part of that past: the liberal, corporation-bashing, like-the-rich, slash-the-defence-budget faction allied with Mr Jackson.

Mr Dukakis's limitations as a candidate, his inability to create a compelling vision out of the innovations he favours, and his difficulty in articulating his hopes for a more equitable, cooperative society in a way which can unite his party - all these have helped to make him vulnerable to attack from the left.

He has long been used to that sort of attack in Massachusetts. In Atlanta, however, the critique is being led by Mr Jackson, the most persuasive orator on the American political stage.

Mr Jackson is not just a spokesman for a cause, however, he is also an ambitious and able politician. He must recognise that, like his largely black constituency, he has nowhere else to go but the political wilderness if he does not make his peace with the party's soon to be selected leader. Not to do so would be to risk being labelled as the renegade who weakened the Democratic party at a moment when it had its best chance this decade of recapturing the White House.

Most observers believe Mr Jackson will seek a reconciliation with his rival, and, on Thursday, stand alongside him, clasping Mr Dukakis's raised hand in a symbolic display of unity. The alternative - an acrimonious convention which Republicans can exploit as evidence that the Democrats are still too disorganised to provide a credible president - would be, indeed, the beginning of the end of this year's Democratic dreams.

Solution in Brussels

It is not true that air traffic control problems are confined to Britain, as anyone who flies around the world must know. There are problems all over the place and have been for years.

The man who knows as much as anyone about them is Keith Mack, the group director and controller of Britain's national air traffic services. Mack is leaving in September to take a course in French before becoming head of Eurocontrol in Brussels. That, he says, is where reform will come from. At present, Mack explains, there are 11 separate units trying to cope with air traffic control in the broad area of the European Community. The problems are twofold: there is not enough up-to-the-minute data about flights and slots (where they can fly and land), and even when the information is available it cannot always be put to best use because of incompatibilities between the computer systems in the various control centres.

Mack says that it would be unrealistic to expect the number of centres to be reduced to one, at least straightaway. But it should be possible to get down to about five. The role of Eurocontrol will be to develop computer compatibility and to ensure a faster and fuller flow of information. There must be a limit, he adds, to the volume of traffic that can be controlled, but nobody knows what it is. At Heathrow it used to be thought impossible to handle more than 1,000 movements a day, but now it is routine. Even the recent chaos at Gatwick could have been much diminished if information about slots had been more readily at hand.

One of the reasons for the troubles in Britain is that the authorities had been expecting to cut down on staff, now they need more. There are about

OBSERVER

1,300 British operational controllers altogether; 83 cadets were recruited this year and the target for 1989 is 120. The course takes two years at the College of Air Traffic Control in Bournemouth, followed by two years' operational training. The success rate for trainees is 65 per cent and salaries can rise to £25,000 a year. Minimum qualification is two A levels.

Mack is being succeeded by Air Marshall Tom Stonor between the civil side and the military.

Black gold

Caviar futures look like a good bet for capitalist speculation: there is something of a panic on the Volga over pollution of the sturgeon population.

A source no less than Pravda, the official newspaper of the central committee of the Soviet communist party, last week angrily denounced factories which are poisoning the spawning grounds of the royal fish.

It is not just good capitalists who feast on the little black eggs of the sturgeon: no self-respecting Soviet restaurant would put on a meal without them. "If they ran out of caviar, there would be another Russian revolution," according to one Moscow resident.

One man trying to get regular supplies is David Hope, the Irishman who runs the new duty-free shop at Moscow's Sheremetyevo airport - the first Irish-Soviet joint venture. He was assured last week by the Ministry of Fisheries that there was no danger of a shortage. "They said they have special laboratories keeping up



the production levels of the eggs," he said. "It's like liquid gold in Russia. They simply can't afford to jeopardise supplies."

That is not to say supplies are not erratic. For a start, there is no beluga and no sevruga available at the moment, only the slightly less desirable osetra. That sells for \$9.50 for 28 grams - \$340 a kilo - in the duty-free and foreign currency shops. (The Soviets insist that one rouble is the equivalent of one pound sterling.)

It is much more difficult to buy on the streets of Moscow, but well worth the effort at about a quarter of the price. Hope is scouring the country for beluga supplies, for his clients know the difference.

"With osetrova I may sell a couple of £20 jars at a time," he says. "When I had beluga a few weeks ago, one Japanese passenger walked off with \$5 jars."

Even in these days of glasnost, it is entirely possible that the

Japanese businessman knew something about the Volga pollution before Pravda went public.

Cooke's exit

Like all good central bankers, Peter Cooke shuns the limelight. Still, last week was a crowning moment for the Bank of England director.

After several years' work, the Basle-based supervisory committee to which he lent his name completed the new capital convergence accord, marking a milestone of a sort in the history of international regulatory cooperation.

"It's a contribution to a rather esoteric area," says Cooke. "It was very interesting, a lot of fun. I like trying to get people to agree to do things together. You have to be patient."

One regret is that he couldn't come up with a good idea for a logo for an international banking supervisors' tie. Cooke steps down from the job in October and will be leaving the Bank after 33 years, part of which he spent as secretary to the Takeover Panel. What he particularly looks forward to is not having to catch the Sunday night flight to Basle, which he visited 18 times last year.

He has some plans, he says. "I'll dabble in a number of things associated with the financial sector. But people tell me not to move too quickly."

One thing he does not want to do is run a bank - unlike former colleagues like Sir Kit McMahon (now at Midland) and Rodney Galpin (Standard Chartered). Pity. As the banking world's best-known game-keeper, he probably knows every poaching game in the book.

Sign at Heathrow airport: Immigration is here to stay.

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Realistic

Sign at Heathrow airport: Immigration is here to stay.

John Lloyd continues his series on the emergence of Britain's new elite, the Disestablishment

Preaching in the market place

The market is the philosophical core of the Disestablishment. The new people are for it, but not in the way in which many of the old Establishment benefactors were for it. They are for it in head and gut — fiercely, imaginatively, proactively.

This needed spadework. The diggers were, in the beginning, Ralph (now Lord) Harris and Arthur Seldon, who persuaded Anthony Fisher, a battery chicken farmer (Burdock chickens), to put up money for the Institute of Economic Affairs. It, in turn, drew deeply on the thought of Friedrich Hayek and Milton Friedman, and encouraged a small, embattled community of policy thinkers who produced "interesting little pamphlets."

Journalists were briefly important here. Alfred (now Sir Alfred) Sherman, a former Communist, then leader writer on the Daily Telegraph, formed a close association with the future Industry Secretary, Keith (now Lord) Joseph. Sherman wrote the important speech, delivered in Preston in September 1974, in which Joseph declared he had not been a true Conservative for the 20 years he had been a party member and a minister, because he had been a prey to creeping social democracy. Joseph, fired by free

editor, Bernard Levin (The Times) and Ferdinand Mount (former PM adviser), all hammered away on free market and libertarian themes.

The small ideas businesses remain innovative and well funded and have included the Alan Smith Institute, the David Young Institute, the Social Affairs Unit. Lord Harris has given way to IFA director Graham Mather, formerly research director at the Institute of Directors. The IoD under Walter Goldsmith and now under Sir John Hoskins was transformed from a sedate businessmen's club to a polemical centre. They have been fundamental in the creation of an intellectual core to neo-conservatism. Crucially, they enthroned the figure of the entrepreneur. Adam Smith, whose story they examined and humiliated, had criticised the "butcher, the brewer, the baker" — in modern parlance, the entrepreneur — from the exercise of any more than his self interest. That strain of thought, so beguilingly modest in its first springs and now such a broad flood, has met its equal in Alan Sugar of the Disestablishment of the market place.

Sugar, now 42, was born to a working class Jewish family in London's East End. He took a job in the Civil Service but found he could make more selling TV aerials. With apparent folly his company took on the Japanese in the hi-fi market and prospered, but it was not until he introduced a range of personal computers that he left the hi-fi leasurist. He is now in a flat in a converted house in Brentwood, Essex, office block, turns over more than £500m with pre-tax profits of more than £100m. When, last month, he teamed up with that Prince of the Disestablishment, Rupert Murdoch, to supply low cost satellite dishes for Murdoch's four-channel Sky television satellite venture, the Australian called the East End "probably Britain's greatest entrepreneur."

He has huge contempt for lagging and privilege. "There's a new breed of person coming up — the likely lad. You see it in the City and everywhere."

'There's a new breed coming up - the likely lad. You see it in the City and everywhere.'

market ideas, persuaded Nigel (now Lord) Vinson, the inventor of plastic coatings, to fund the Centre for Policy Studies, which became, for the new leader of the Tory Party, a let-you-hair-down parlour in which her political instincts could find intellectual correlates.

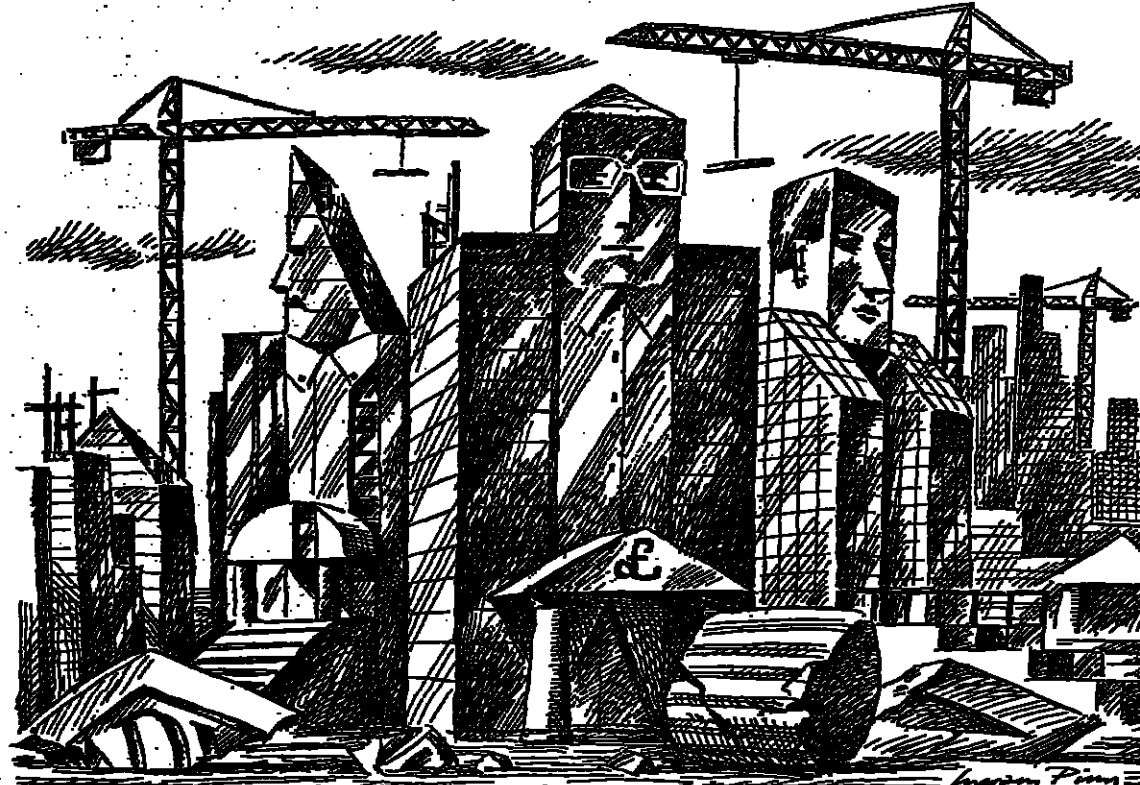
In the Times and in this newspaper, Peter Jay and Samuel Brittan took up and worked through an intellectual revival of market economics which made their public bow in the month of Jay's father-in-law, the Labour Prime Minister, James Callaghan. ("I tell you in all candour you cannot spend your way out of a recession"). More widely, the writing of the Telegraph stable — Frank Johnson, John O'Sullivan (just ending a stint as a prime ministerial adviser), Colin Welch and Peregrine Worsthorne — and others like Andrew Alexander (Daily Mail), Patrick Conner (former PM adviser), Paul Johnson (a former New Statesman

care Foundation which diverts the profits to AIDS research and publicity. On its board, besides Branson, are Anita Roddick founder of Body Shop, and Michael Grade, Channel Four chief executive, two fellow members of the Disestablishment.

He was persuaded by Kenneth Baker, the Education Secretary, to head UK 2000 — which puts some 30,000 young people to work full and part-time on litter-clearing and urban renewal projects. He is now lobbying Lord Young, the Trade and Industry Secretary (whose business contacts are another Disestablishment nexus) to expand the concept to cover all the unemployed.

Of course, Sugar and Branson and others like them do what business people have done for centuries: find markets and serve them. The differences are:

- They see themselves as clearing away dead practices, old attitudes, old institutions imposed by governments and unions. They are fanatically anti-corporatist.
- They are extolled by, and extol, the Prime Minister and the Thatcherite ministers — especially Lord Young.
- They have few inhibitions about expanding their scope into the area of social engineering. As Tim Bell



puts it: "Charity's important. If you haven't got a happy society you haven't got a good business."

They are not, of course, homogeneous. Sir Terence Conran of Storehouse started Habitat in the 1980s "with the belief that if people were offered things of style, that were good, at reasonable prices, they would change their habits." He is still battling to push change further down market, through BHS (formerly British Home Stores, merged with Habitat/Mothercare in 1986). George Davies of Next has put male smart and trendy on high streets, as has Sophie Mirman of the fashionable, specialised Sock Shop, who started as a Marks and Spencer secretary. Sir Mark Weinberg of Allied Dunbar Assurance has, in alliance with Sir Hector Laing of United Biocuits (another bridging figure between Establishment and Disestablishment) put the Fox Club in the minds and (modestly) in the corporate pockets of British big business so that they can support community projects and, increasingly, care welfare state functions.

As business has become more charitable, charities have become more businesslike. Jane Tewson of Charity Projects left Mencap, the charity for the mentally handicapped, because it was too bureau-

cratic and remote to found a little group which relies on ideas, energy and arm-twisting to raise millions through such wheezes as Comic Relief. Tim Bell is her chairman. Bruce Oldfield, a designer, has like Sugar and Mirman, lent his face to the Government's "Europe is open for business" TV and poster campaign. Since Oldfield is half black, a Barnardo Homes charity boy and a designer, his use by Government is a sign of just how far disestablishment has been taken.

Sir Jeffrey Stirling, (chairman of P&O and perhaps the most powerful of the Young network, advising on a host of trade and industry issues) was stirred to help in the 1970s when he saw that "the slide couldn't go on forever. When this government came to power, what had they to lose by being radical? There is a moment in history when time is right for change." These are, indeed, men and women who feel the time is theirs.

They are inside now walking in and out of Whitehall with confidence, but they cling to outsider status. Bell thinks the Jewishness of many of them important. "The Jews and the Methodists were kept out of the professions and turned to trade. When trade is given its head, so are they. The Prime Minister is a Methodist who recognises kindred spirits in many Jews."

The business people mentioned above do not, of course, control a very large part of corporate Britain. But neither the Disestablishment nor the old Establishment were necessarily defined by wealth, but by the transmission of values. They follow on from a series of bridging figures — Sir Michael Edwards, now chairman of Chloride, who ran the then ICI from 1977-82; Sir John Egan, chairman of Jaguar since 1980; and Sir Ian Macgregor, chairman of British Steel from 1980-86. Their efforts, especially those of Sir Ian, very largely decoupled the state from manufacturing industry. In the big corporate sector, men like Sir Peter Walters of BP; Sir Christopher Hogg of Courtaulds and Sir Trevor Holdsworth of GKN shared a common sense of the need to inculcate discipline and managerial rigour into sectors and businesses which had contributed to present-day UK as industries every day.

The Disestablishment cannot ignore the power of the City — it is the most successful part of Britain, still. Though last October's crash now shows in the second half figures, it has in some respects gained power from the merger, restructurings and inflow of foreign banks and institutions which made the Big Bang. But in three ways, the

City has itself become part of the Disestablishment or, at any rate, it has done some disestablishing things in parallel.

First, the creation of new finance conglomerates has helped rid it of traditions set by the ruling families, though these traditions were already disturbed.

Second, the internationalising drive has cut back the power of the Bank of England, as it has that of all national banks; besides, the new conglomerates could rival its power.

Third, the regulation of the City has replaced the culture of "my word is my bond" with an explicitly US-style of policing.

Sugar is at least a little right in his belief that the Heathcote-Smythe's sons no longer get jobs as of right. The public schools are still well over-represented, especially at senior levels, and the raiding of the best and brightest from Oxbridge is intense — but they have to work to stay.

In one sense at least, the City has for centuries expressed a value which the Disestablishment now takes as its own: internationalisation. Where the old Establishment saw the world as radiating from itself, the new is multi-polar. Allen Sheppard, chairman and group chief executive of Grand Metropolitan and the son of an engine driver, says companies like his are being forced to be global by the interna-

As business has become more charitable, charities have become more businesslike

nationalisation of taste. Sterling, one foot in Government and one in business, says: "There's hardly an economic decision that doesn't have to pass through Brussels," and adds: "You either see things in European or international terms or you don't operate."

Here is another tension which the Disestablishment is forced to contain. It uses the rhetoric of patriotism — none better than the Prime Minister — but its success is in part based on running with the grain of internationalisation.

That is the business Disestablishment: driven by mass tastes and by relentless and growing competition from nations climbing the industrial and technological ladders. All this makes its members the instruments of destruction of an old Establishment which sought refuge in order, compromise and tradition.

The first article in this series appeared on July 16; the final one will appear later this week.

LETTERS

Breaking the deadlock in the Gulf war

From Mr Mehرداد Khonsari.

Sir, It is now possible that prudent suggestions such as those made in your leader ("Iran looks to the UN", July 12) will break existing deadlocks and lead to the establishment of a much sought-after cease-fire in the Iran-Iraq war.

There is no doubt that the majority of the people in Iran and Iraq wish to see an end to the war. Although the Iraqi government has accepted UN Security Council Resolution 598, unless there is a total internal collapse in Iraq the Islamic leaders will continue with the war until the Security Council recognises publicly that there is also an Iranian point of view.

Iranian objections to SCR 598 were due mainly to two factors. First, that it urged Iran to accept a cease-fire and withdraw unconditionally to its borders, something which the Security Council had not asked of Iraq in 1980 when they were in Iranian territory. Second, and perhaps more important, the Security Council did not even commit itself definitely to the appointment of an impartial body to investigate the origins of the war. In fact, the actual wording (article 6) only required the Secretary General

to "explore" with the warring parties the possible appointment of such a body.

Today, given the Iraqi military gains of the past few months, the matter of an Iranian withdrawal to its borders is no longer an issue. Furthermore, it has so far been generally believed that Iraq would be opposed to the creation of an investigating body, in the fear that it might be condemned as the aggressor. However, the Iraqi Ambassador to London, in a letter published in the International Herald Tribune on July 7, stated quite clearly that his government would now welcome the forma-

tion of such a body. This should be considered as a major breakthrough.

Thus, it is now possible for the Security Council to initiate new efforts to establish an honourable cease-fire in the war. Should the Khomeini regime insist on fighting on after that point, then it will deserve even greater hostility from the international community — which has hitherto sided with the Iraqis for all the wrong reasons.

Mehرداد Khonsari, Friends of Iran, PO Box 326, London SW15

British Gas directors' salaries

From Sir Leslie Smith.

Sir, The subject of top management salaries, particularly in recently-privatised companies, is inevitably emotive. I think your readers are entitled to expect that, when you cover such a story, the Labour Prime Minister, James Callaghan, ("I tell you in all candour you cannot spend your way out of a recession"). More widely, the writing of the Telegraph stable — Frank Johnson, John O'Sullivan (just ending a stint as a prime ministerial adviser), Colin Welch and Peregrine Worsthorne — and others like Andrew Alexander (Daily Mail), Patrick Conner (former PM adviser), Paul Johnson (a former New Statesman

With similar advice, together they set the salaries of other executive directors. As he should also know, having reported the British Gas privatisation, the higher levels of salary were announced before privatisation took place over 18 months ago in the November 1986 prospectus.

Mr Wilkinson's piece also omitted any comparisons with major companies that have always been in the private sector and failed to refer to the restricted salary levels which have been agreed on British Gas board members for many years.

Leslie Smith, (Non-executive director of British Gas), Cockley House, Cockley Green, Sedgefield, Co. Durham

Collecting the waste of the City

From Mr Michael Cassidy.

Sir, I refer to the letter from Mr I.A. Johnson regarding collection of wastes in the City of London (July 18). This falls under the responsibility of the committee of which I am chairman.

First, I should say that there had undoubtedly been a significant increase in the volume of wastes requiring collection in recent years due to the very encouraging expansion of the role of the City of London after Big Bang.

In recognition of the increase, the Cleansing Department has instituted an additional early morning round which collects in the Lime Street area at approximately 3.30am. A further collection occurs at 11.00am. During the week of July 4, a temporary

shortage of drivers at the depot caused the early morning collection to be cancelled and this may well have been the particular circumstance that gave rise to your correspondent's concern. He may be assured that this is not a continuing state of affairs and both rounds are now in full operation.

Additional resources have been voted to improve the street cleaning and wastes collection services in the City and your readers may well have noticed the 1,000 or so new litter bins which are appearing everywhere. New vehicles have been acquired which, in their new livery, should be very conspicuous.

Michael Cassidy, Chairman, Planning and Communications Committee, Guildhall, EC2

Constructive copyright reform

From Mr Michael Freeguard.

Sir, Contrary to Mr Jan Harington's belief (Letters, July 8) the Bern Convention does not require signatory governments either to prohibit home taping or demand that tapes be erased after a short period. Article 9 of the Convention provides that countries of the Bern Union may legislate "to permit the reproduction of... works in certain special cases, provided that such reproduction does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."

A growing number of signatory governments have legislated to permit the making of single copies of a work for private use, with compensation for the copyright owners in the form of a statutory royalty or levy on the recording hardware

and/or software which is used for what would otherwise be infringing purposes.

This system has operated satisfactorily in Federal Germany for over 20 years; it has recently been introduced in France, Spain and Portugal, and is under consideration in Belgium, Italy and the Netherlands.

The UK once led the world in constructive copyright reform. The recent all-party committee vote in the House of Commons to insert an enabling clause in the bill giving the minister power to legalise home taping under a licensing scheme, indicates the clear wish of those who have examined the issue in detail to see us pull in the same direction as our neighbours.

Michael Freeguard, The Performing Rights Society, 29-33 Berners Street, W1

Demise of the Haitian Creole pig

From Mr Gerald Zarr.

Sir, Wendy Tyndale's article "The demise of the Haitian Creole pig" (July 8) is so full of errors and inaccuracies that it is difficult to know where to begin in correcting them.

The most important point to make is that there is significant evidence of a "US economic plan" involving the ending of all investment in food production in Haiti. On the contrary, the US encourages such investment. The US Agency for International Development has targeted nearly \$50m towards increasing crop yields, conserving topsoil and sustaining hillside agriculture. By no stretch of the imagination does the US seek to make Haiti "more and more dependent on food aid from US surplus."

As for the claim that Haiti is being inundated with cheap American pork, this has nothing to do with US policy. The Haitian government opened the door to pork imports when African swine fever eliminated the native pig population and it may close the door on these imports whenever it sees fit.

On the subject of the pigs themselves, the notion that the pigs donated by the US are too "clid" to be able to adapt to the conditions of peasant husbandry is absurd. The new pigs can eat anything the old Creole pigs ate. Moreover, they produce more piglets, taste better, grow bigger, reach maturity faster and fetch higher prices than the Creole pigs. In impugning the hardiness of the new pigs, Ms Tyndale has done nothing more than perpetuate an old wives' tale.

Gerald Zarr, US Agency for International Development, Port-au-Prince, Haiti

Meeting of Warrant Holders

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Notice of a Meeting of the Holders of the Warrants issued with the £60,000,000 7½% Bonds due 1992

(the "Warrant Holders" and the "Warrants" respectively)

In accordance with the terms and conditions of the Instrument by way of Deed Poll dated 14 January 1987, notice is hereby given that a Meeting of Warrant Holders will be held at the offices of Rowe & Maw, 20 Black Friars Lane, London EC4V 6HD on Wednesday 10 August 1988 at 11.00 a.m., for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution:

EXTRAORDINARY RESOLUTION

THAT this Meeting of the Holders of the Warrants issued with the £60,000,000 7½% Bonds due 1992 (the "Warrants") of THORN EMI plc (the "Company") now outstanding constituted by an Instrument by way of Deed Poll dated 14 January 1987 (the "Deed Poll") executed between the Company and Banque Indosuez Luxembourg (the "Bank") hereby:

- (1) generally and unconditionally authorises and gives consent to the Company at any time and from time to time to make market purchases (within the meaning of Section 13(3) of the Companies Act 1985) on the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited of Ordinary Shares of 25p each in the capital of the Company for cancellation subject to and in accordance with any authority from time to time granted by Resolutions of its shareholders PROVIDED THAT:—
- (a) the maximum price per Ordinary Share on any exercise of the authority is not more than 5 per cent. above the average of the middle market quotations taken from The Stock Exchange Daily Official List for the ten business days prior to making any purchase; and
- (b) the minimum price for any purchase is 25p being the nominal value of an Ordinary Share;
- (c) the price in each case will be exclusive of any corporation tax payable by the Company and/or expenses;
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- (3) authorises the Bank and/or the Company to incur, execute or do any document, act or thing necessary to give effect to such authorisation, consent, sanction and approval of each and every such modification, abrogation, compromise or arrangement.

Dated 18 July 1988
Registered Office:
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BY ORDER OF THE BOARD
Robin Charlton
Secretary

Copies of a letter dated 18 July 1988 from the Chairman of the Company, giving details of the proposed purchase by the Company of its own Ordinary Shares are available for collection, and copies of the Deed Poll constituting the Warrants are available for inspection by Warrant Holders in each case during normal business hours on any weekday (excluding Saturdays and public holidays) at the offices of Rowe & Maw, 20 Black Friars Lane, London EC4V 6HD and the specified offices of Bankers Trust Company set out below, up to and including the date of the Meeting and at the Meeting itself. As indicated in that letter, the Company is seeking authority from its Ordinary Shareholders, holders of the 3.5 per cent. Cumulative Preference Shares, and of the 7 per cent. Convertible Redeemable Second Cumulative Preference Shares 1992/99, to authorise the market purchases of up to 7.5 per cent. of the Warrant Holders' share capital, representing 20,442,072 Ordinary Shares, subject to the price limitations set out in the above Extraordinary Resolution.

Shareholder authority will, if granted, expire on 30 September 1989. However, it is the Board's present intention that the necessary resolution to renew the authority will be proposed at the 1989 Annual General Meeting and related Class Meetings. The Deed Poll provides that such purchases require the consent of the Warrant Holders by Extraordinary Resolution. So as to relieve the Company of the administrative burden of convening further meetings of Warrant Holders, the consent contained in the above Extraordinary Resolution will not require annual renewal but will be valid until redemption of the Warrants in 1992, subject to there not being any material issue of Ordinary Shares in the intervening period.

Implementation of the proposed power to purchase the Ordinary Shares of the Company should not adversely affect the rights of the Warrant Holders to subscribe for Ordinary Shares. The Directors believe that any purchases of Ordinary Shares which were to be made under the authority would be beneficial to the Warrant Holders by reason of the improvement in the share subscription prospects. On 30 June 1988 (the latest practicable date before the printing of the Chairman's letter referred to above) the middle market quotation for an Ordinary Share derived from The Stock Exchange Daily Official List was 657p. If the proposed authority were to be exercised in full at the share price on 30 June, 1988, Shareholders' Funds would be reduced by £236,315,667.

QUORUM AND VOTING

The quorum for the Meeting is two or more persons present holding warrant certificates or voting certificates or being proxies and holding or representing in the aggregate a clear majority in number of the Warrants for the time being outstanding. If a quorum is not present the Meeting shall stand adjourned for such period not being less than 28 days nor more than 42 days, as may be appointed by the Chairman of the Meeting.

The Extraordinary Resolution, if duly passed, will be binding on all Warrant Holders whether or not they are present or represented at the Meeting and whether or not they voted in favour. To be passing the Extraordinary Resolution requires a majority consisting of not less than three-fourths of the votes cast in respect of it, whether on a show of hands or on a poll.

A Warrant Holder wishing to attend and vote at the Meeting in person must produce at the Meeting a valid voting certificate issued by the Bank relative to the Warrant(s) in respect of which he wishes to vote.

A Warrant Holder not wishing to attend and vote at the Meeting in person may either deliver a voting certificate to the person whom he wishes to attend the Meeting or give a block voting instruction or a block voting instruction form obtainable from CEDEL S.A. or Morgan Guaranty Trust Company of New York, Brussels Office, (as an operator of the Euro-Clear System) at the addresses set out below) appointing a proxy or instructing the Bank to appoint a proxy and to attend and vote at the Meeting in accordance with his instructions.

Each block voting instruction should be deposited at the Head Office of the Bank (the address of which is set out below) or at such other place as the Bank shall designate or approve not less than 24 hours before the time appointed for holding the Meeting at which the proxy named in the block voting instruction proposes to vote and in default the block voting instruction shall not be treated as valid unless the Chairman of the Meeting decides otherwise before such Meeting or adjourned Meeting proceeds to business.

Warrant Certificates may be deposited with (or to the order of) the Bank, for the purpose of obtaining voting certificates or block voting instructions, appointing proxies until 48 hours before the time fixed for the Meeting but not thereafter. Warrants so deposited or held will be released to conform with the first to occur of:

- (i) the conclusion of the Meeting or any adjournment thereof,
- or if a voting certificate has been issued
- (ii) the surrender of the voting certificate(s),
- or if a block voting instruction has been issued
- (iii) upon the surrender, not less than 48 hours before the time for which the Meeting is convened, of the receipt for each such warrant certificate which is to be released to the Bank, coupled with notice thereof being given by the Bank to the Company.

Every question submitted to the Meeting shall be decided in the first instance by a show of hands and in the case of equality of votes the Chairman of the Meeting shall, both on a show of hands and on a poll, have a casting vote in addition to the vote or votes (if any) to which the Chairman of the Meeting may be entitled as a Warrant Holder or as a proxy.

THE BANK
Banque Indosuez Luxembourg, 39, Allée Schaffar, L-2520 Luxembourg,
Attention: Comptes Domestiques.
Bankers Trust Company, Desford House, 69 Old Broad Street, London EC2P 2EE.
CEDEL S.A., 67 Boulevard Grand Duchesse Charlotte, Luxembourg-Ville, Luxembourg.
OPERATORS OF THE EURO-CLEAR SYSTEM, Morgan Guaranty Trust Company of New York, Brussels Office, 1000 Rue de la Régence, B-1040 Brussels, Belgium.

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OVERSEAS MOVING BY MICHAEL GERSON
01-446 1500

FINANCIAL TIMES

Monday July 18 1988

ALWAYS FORWARD

Abess

OFFICE: 200 NEW YORK AVENUE
TEL: 01-574-6891

Janet Bush
on Wall Street

Closed-end funds boost Wheat, First

WHEAT, First Securities, based in Richmond, Virginia, is well known for its traditional investment banking activities in the Mid-Atlantic and south-eastern states. But, earlier this month, the company's profile was taken to a considerable level when it took third place in rankings for equity underwriting in the first six months of this year.

IDD Information Services, the New York statistical service, awarded Wheat, First this ranking on the strength of a single equity issue totalling \$2bn in March.

Wheat, First fell behind only Merrill Lynch and Shearson Lehman Hutton, both New York-based heavyweights and hardly surprising candidates to find at the top of this list. In its jetstream came formidable names such as PaineWebber and Drexel Burnham Lambert.

In 1987, Wheat, First ranked first in America as a lead underwriter in initial public offerings, underwriting a total of \$2.5bn.

There is one key reason behind all these superlatives: Wheat, First's involvement with "closed-end" mutual funds.

According to the company's figures, it underwrote three issues of common stock for the formation of closed end funds in the first half of this year, totalling a staggering \$3.9bn.

Like any mutual fund, closed-end funds pool investors' money to buy securities. The difference with closed-end funds is that there is a fixed amount of shares. They are formed by a stock offering of a certain number of shares, the money is then turned over to an investment manager. Shares of most closed-end funds are traded on the New York Stock Exchange.

Mr Mark Gambill, executive vice-president of the capital formation and markets division of Wheat, First, says his firm has been heavily involved with closed-end funds for the last 18 months.

Apart from their high liquidity and degree of diversification - bond funds typically include US Treasuries, corporate bonds and foreign government issues - Mr Gambill believes this investment format encourages the manager to remain fully invested because he or she does not have to worry about investors redeeming their holdings.

There has always been a problem of acceptability with closed-end funds, which had been tainted with a reputation of trading below their net asset value. This has too often been true of some of the closed-end equity country funds which offer an investor exposure to the stock market of a single country. Sometimes that country's stock market has been limited in size, illiquid or bound round with mediocre restrictions.

Closed-end bond funds are by no means new but they did go through a slack period of years until about two years ago.

Wheat, First played a part in getting closed-end mutual funds back on the agenda with some successful issues which have generally traded at a premium to their net asset value and therefore helped bury some of the old prejudices.

Wheat, First's largest involvement has been with MFS - Massachusetts Financial Services - and Putnam Management, both based in Boston.

Later this week, Wheat, First plans to offer a new closed-end mutual fund which will be managed by MFS. No details are yet known of the size of the new fund or its make-up.

Wheat, First's first venture with MFS was in November 1986 when it underwrote a \$350m closed-end mutual fund made up of municipal bonds called the MFS Municipal Income Trust.

The Multimarket Income Trust, Mr Gambill notes, provides a good example of the merits of diversification into foreign bond markets. The timing of its issue allowed investors to take advantage of rising overseas government bond markets and avoid some of the losses incurred by funds invested exclusively in the falling US Treasury bond market.

For Putnam, Wheat, First underwrote an equity offering in December last year and completed another underwriting last month totalling \$600m.

Mr Gambill thinks that Wheat, First is probably the top underwriter of equity issues for closed-end funds but does not set much store by rankings. He acknowledges that the huge underwriting amounts involved with setting up closed-end mutual funds are much larger than the totals involved with traditional equity issues.

Cloudy skies for holidaymakers

Michael Donne, explains the causes of Europe's air travel delays

CONGESTION in Britain's airports reached a crisis at the weekend. Thousands of passengers waited in departure lounges, their attempts to go on holiday defeated by delays, in some cases of 15 hours, to their holiday flights to the Mediterranean.

The scenes of frustration triggered a political row yesterday as Britain's Civil Aviation Authority admitted similar delays would probably trouble the holiday season again. British MPs accused the government-funded body of incompetence and complacency and demanded its chairman's resignation.

In France too, air traffic will be disrupted today as a result of the combined effects of a strike by French air traffic controllers, separate labour unrest at Air Inter, the French domestic airline, and the general congestion of French air space.

UK airlines who had virtually cleared the backlog of holiday flights following the Greek air traffic controllers' dispute which started last week, feared a return to square one with the French action.

The French dispute will have less impact than at first thought because two of the three French air traffic controllers' trade unions have called off their one-day action following a government promise to recruit more staff and increase salaries. But the third union, the CGP, has refused to go back to work and says the situation will be chaotic.

European airports may take emergency measures to alleviate the immediate problems, but there will be little lasting effect until governments find ways to end the industrial relations problems - the root cause of the current crisis.

Britain, France, Spain, Italy and Greece have all been involved in disputes, which many airline executives see as being deliberately fostered by the trade unions to promote their claims for more money and better working conditions during peak holiday traffic.

The French civil aviation authority has been forced to introduce a "minimum programme" restricting to 90 international flights from France today.

Several airlines have cancelled flights to and from France. Air France, the French national carrier, said only 30 per cent of its European flights would operate today but all long-distance flights would be assured. In all, only 46 flights would take off from Paris's two airports compared with 138 originally scheduled.

The UK's Civil Aviation Authority, replying to MPs' criticisms said some 85 per cent of all the delays now hitting UK airports stemmed from industrial disputes.

These not only cause immediate disruptions to flights but also "knock on" delays, as aircraft are in the wrong places and flight crews run out of permitted flying hours.



Travellers delayed by air traffic controllers' strikes in Greece wait at Britain's Luton Airport

The much-criticised statement by the CAA at the end of last week that there were likely to be delays at peak periods for some years to come was no more than a statement of the truth.

The rapid rise in air traffic, and especially holiday traffic, in recent years has taken everyone by surprise - the UK Department of Transport, the airlines, the tour operators, the airport authorities and the CAA.

Everyone expected air traffic to rise but by now there is as much as it has done - 30-30 per cent a year in some sectors.

The CAA points out that such growth has inevitably thrown a massive strain on the system, but it claims it could have handled the expansion, had it not been for the industrial disputes.

Having spent some £125m (£211) over the five years from 1982 to 1987, the CAA is now spending another £600m up to the mid-1990s on further improvements to the air traffic control system, including a new major London control centre.

The UK is better placed than some other European countries, such as Greece and Spain, where investments on the UK scale are non-existent and there are undeniably poor working conditions, low pay, and low status for the controllers concerned.

This has been recognised by various aviation authorities, such as the International Air Transport Association, which has set up a task force of its own to study the problem.

In the longer term, a wide range of measures are under study for implementation in the 1990s.

In the meantime, there is also pressure for closer collaboration between European air traffic control organisations. Failure to achieve this, largely because of the lack of modern data transmission techniques, has been one of the factors behind the current delays.

It is also clear that forecasting methods for air traffic are out of date and incapable of producing accurate assessments of growth. This has been evident in the wide discrepancy between the UK Department of Transport's "low" and "high" forecasts, which vary by many millions of passengers a year.

In the past, aviation planning authorities have tended to work to the lower forecast, ignoring the fact that every forecast over the past 40 years has been beaten by events.

This has often resulted in inadequate airport facilities arriving too late.

The fact that, even now, British Airways and others are talking about a fifth terminal at Heathrow, while there is pressure for another runway somewhere in the south-east region by the end of the 1990s, proves the point.

British delays, Page 7

THE LEX COLUMN

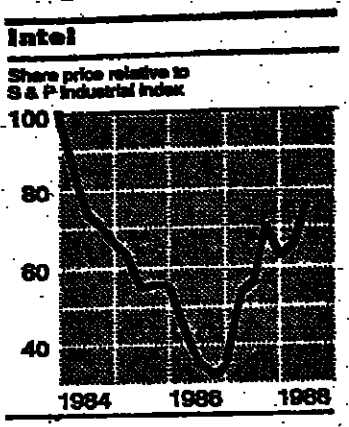
Measuring up the world by sector

Whatever the pressures on the securities industry these days, the international research bandwagon rolls on. US firms - Drexel Burnham is the latest - are combing London for analysts who can interpret Europe to US clients, and established UK brokers are under pressure to think globally in response. In the background is the old argument about international stock selection - whether it is done best by sector, or by country.

The problem is neatly illustrated by the latest figures from the FT-Actuaries World Index. In the second quarter, heavy engineering shares worldwide produced a return of 31 per cent, while shares in financial services produced a negative 9 per cent. But in the UK, the picture was reversed - negative in heavy engineering, positive in financial services. The global weighting was dominated by Japan; and it should follow that money would have been made in the quarter not by a sector specialist, but by a local generalist.

Even in truly global industries - oils, electronics, chemicals, pharmaceuticals - it does not follow that securities markets will agree in their valuations. The continued trend to sector research, though, has two powerful motives: first, that broking houses find global industry specialists useful in corporate finance deals, where the real money is. Second is the slow but continuing movement of US institutional money abroad, as illustrated by the recent decision by CALPERS - the California public servants' pension fund - to shift \$4bn of its assets into overseas markets. The typical US institution is structured along sector lines at home, and looks for similar advice abroad.

It may be that the trend is temporary. A decade from now, in a unified European market, global broking houses may have set up true local equivalents of James Capel or BZW in Paris, Frankfurt and Milan. That, after all, is how undervalued shares are best identified, and until that kind of service is on offer, global investors should be careful how they go.



the flotation, which is to raise money. The cynical view might be that Millicom - which presumably would have trouble stumping up its share - is opposed for just that reason.

US chip industry

In a cyclical industry like semiconductor, it is easy to get blasé about companies turning in earnings growth in three figures towards the top of the curve. Last week alone, the darling of the US industry, Intel, reported that net income had nearly tripled in the second quarter, while the decidedly less fashionable Advanced Micro Devices produced an almost five-fold gain for the same period.

Though few would claim that they can see accurately beyond the current bulge, almost no-one will predict that 1988 will see the start of the downturn. Worldwide semiconductor sales are expected to grow by 30 per cent this year to \$44bn, after a 24 per cent rise in 1987. Analysts are busy revising upwards their forecasts for 1988 revenue growth for US manufacturers, with the US Semiconductor Industry Association's 30 per cent now looking reasonable.

No one can be so sanguine about 1989 - the year which could sort out the weak from the strong in the industry. Revenue growth for the US companies could slow to less than 10 per cent, under the twin influences of reduced demand and falling prices; and although the industry is a leaner, fitter and less hysterical creature than during the last downturn in the mid-decade, some of the smaller niche players could suffer.

Against that background a company like Intel - which holds the personal computer and workstation market captive with its sole proprietorship of the 386-bit microprocessor - begins to look very attractive indeed. At 30 per cent, operating margins on the microprocessors which make up a third of Intel's business are twice those of most of the company's competitors; and Intel should be able to exceed the industry's average revenue growth by a factor of at least two or three in 1989. With its shares on a multiple of 8.5 times 1988 earnings, Intel looks cheap beside AMD on a p/e of 10 and National Semiconductor on 10.6 - neither of them with an exclusive product to tide them over.

Moscow in dilemma over Armenia revolt

By Quentin Peel in Moscow

THE SOVIET leadership faces an agonising dilemma today on how to deal with the nationalist revolt in the southern republics of Armenia and Azerbaijan, without opening the way for a rash of new demands from ethnic minorities.

A rally of Armenians in their capital Yerevan agreed on Saturday to call off a general strike in the republic today to coincide with meeting of the praesidium of the Supreme Soviet of the USSR to consider their demands.

After another mass rally in Yerevan, a 10 man delegation from the Armenian parliament left for Moscow for the praesidium meeting.

They took the decision after local Communist Party leaders threatened much tougher action against the demonstrators and strikers who have virtually paralysed economic activity in the region for the past two weeks.

However, in neighbouring Nagorno-Karabakh, the Armenian-populated enclave of Azerbaijan which is demanding the right to secede and join Armenia, a two-month long strike shows no sign of abating.

The situation in Armenia and Nagorno-Karabakh looks increasingly like an open revolt against Moscow, and the ruling party appears to have lost any real control over the demonstrators.

Road blocks have been set up to check all travellers to the republics of Armenia and Azerbaijan, both of which are closed to foreign journalists.

All indications are that the Kremlin leadership does not intend to make any major concessions to the protesters, insisting that they observe the letter of the constitution in their dispute.

The danger is that nationalist sentiment is now so

inflamed that nothing short of martial law will stop the demonstrations - regularly numbering between 200,000 and 300,000 on the streets of Yerevan.

The praesidium of the Supreme Soviet, chaired by Mr Andrei Gromyko, the state president, but attended by Mr Mikhail Gorbachev, the party leader, and fellow members of the ruling Politburo, has been summoned to consider a formal request by Armenia to allow Nagorno-Karabakh to switch republics.

The Armenians argue that under article 70 of the constitution, any part of the Soviet Union has the right to self-determination.

Azerbaijan, whose Moslem population has long lived meekly alongside the predominantly Christian Armenians, has flatly rejected the proposal, arguing that article 78 of the constitution insists that any change in the territory of a union republic may not be altered without its consent.

Hitherto Moscow, and Mr Gorbachev in particular, have sided clearly with Azerbaijan - although the Armenians enjoy considerable sympathy from their Russian neighbours.

Nagorno-Karabakh has only been ruled by Azerbaijan since 1923, and 75 per cent of its 180,000 population is said to be ethnically Armenian.

So far the Kremlin has played for time in the dispute, showing unusual restraint in not forcing the strikers back to work, although deploying troops whenever the situation appears dangerous.

Mr Gorbachev's inclination might be to require the two republics to sort out their own dispute, but they show no sign of being able to do so. If he insists on strict application of article 78 he may have to impose martial law.

Athens keeps block on EC farm deal

By Tim Dickson in Brussels

THE GREEK Government faces the prospect of considerable diplomatic embarrassment when European Community Agriculture Ministers gather today in Brussels for another bid to unblock this year's farm price package.

As the current holder of the EC presidency, Greece is responsible for chairing meetings of the Council of Ministers and trying to find compromise solutions to unresolved political problems.

Over the weekend, however, there was little sign that the Mr Frans Andriessen, the EC Agriculture Commissioner, was prepared to meet Athens' demands for a more substantial devaluation of the "green" drachma, the artificial currency which converts common Ecu-denominated farm prices into local Greek money.

Bitter disagreement on this issue - including an extraordinary row over the wording of a legal text - led the Greek Government to veto the whole farm price package and subsequently forced the European Commission to introduce its own emergency measures at the beginning of the month to ensure the smooth functioning of most EC commodity regimes.

Notwithstanding rumours in some quarters of a behind-the-scenes deal, both sides in public at least have been taking a resolute stand.

The Commission is clearly angry that what appeared to be a watertight agreement at a meeting in Luxembourg late last month has collapsed over different interpretations of the "final" compromise on the table.

Brussels claims that the Greek version would cost an extra Ecu135m (\$162m), compared with the Ecu55m which it was prepared to concede. While there may be some theoretical room for manoeuvre within the EC budget ceiling for agricultural spending it is disinclined to make any more concessions which would risk unbalancing the package as a whole and opening fresh demands from other states.

The Greek Government, meanwhile, argues that the agri-monetary system of recent years has imposed a huge burden on its already weak farm sector and that the current level of monetary compensatory amounts (MCAs) - the complex border taxes and subsidies designed to even out the effect of short-term currency movements on cross border trade - has effectively closed off a big share of its export markets for crops. Worst hit by the border taxes have been Greek exports of olive oil.

Vodafone

Now that Rascal's merchant banks seem close to solving the problem of pre-emption rights raised by the Vodafone flotation, the opponents of the sale are finding new reasons for

WORLD WEATHER

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Abasco	23	W	10	Madrid	25	W	10
Algeria	28	W	10	Manchester	15	W	10
Amsterdam	18	W	10	Paris	22	W	10
Athens	28	W	10	Prague	18	W	10
Bahia	28	W	10	Reykjavik	10	W	10
Bangkok	32	W	10	Rome	28	W	10
Bombay	32	W	10	Sao Paulo	22	W	10
Buenos Aires	18	W	10	Seoul	28	W	10
Calcutta	32	W	10	Stockholm	15	W	10
Cairo	32	W	10	Sydney	22	W	10
Cardiff	18	W	10	Taipei	28	W	10
Chennai	32	W	10	Tokyo	28	W	10
Columbo	32	W	10	Warsaw	18	W	10
Dakar	28	W	10	Wellington	18	W	10
Dhaka	32	W	10	Yokohama	28	W	10
Dublin	18	W	10				
Hankow	28	W	10				
Hong Kong	32	W	10				
Jakarta	32	W	10				
Johannesburg	22	W	10				
Kobe	28	W	10				
London	18	W	10				
Louisville	22	W	10				
Lyons	22	W	10				
Manila	32	W	10				
Medan	32	W	10				
Melbourne	18	W	10				
Mumbai	32	W	10				
Nairobi	22	W	10				
Osaka	28	W	10				
Perth	18	W	10				
Phnom Penh	32	W	10				
Port Moresby	28	W	10				
Rangoon	32	W	10				
Reykjavik	10	W	10				
Rome	28	W	10				
Sao Paulo	22	W	10				
Seoul	28	W	10				
Shanghai	28	W	10				
Singapore	32	W	10				
Sydney	22	W	10				
Taipei	28	W	10				
Tokyo	28	W	10				
Warsaw	18	W	10				
Wellington	18	W	10				
Yokohama	28	W	10				

Texaco International Financial Corporation

has sold its interest in

Deutsche Texaco AG

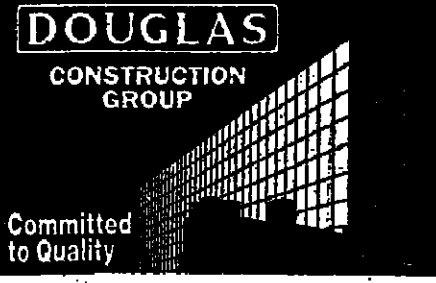
to

Rheinisch-Westfälisches Elektrizitätswerk AG

The undersigned acted as financial advisor to Texaco International Financial Corporation in this transaction.

Dillon, Read & Co. Inc.

July 6, 1988



FINANCIAL TIMES COMPANIES & MARKETS

Monday June 18 1988



INTERNATIONAL BONDS

Equity-linked issues emerge as ideal hybrids

SYNDICATE MANAGERS were taking no chances last week with the Eurobond market virtually paralysed as usual ahead of Friday's US trade report. Although few new straight bonds were launched, many new issues seem to have themselves busy with a steady stream of equity-linked issues — the ideal hybrids for times like this when the outlook for both stock and bond markets is far from certain.

Few people need reminding why the burgeoning market in equity-linked deals suddenly came to a screeching halt last October. New issue volume of convertibles fell from \$50m in the third quarter of last year to around \$90m in the final quarter of 1987.

Nevertheless, although few dealers expect a return to the buoyant volumes seen last year, there is no doubt that investors are slowly regaining their appetite for correctly priced equity-linked deals. Only \$1bn worth of new convertibles was launched in the first quarter of this year but this had risen to \$35m in the second quarter.

By far the most buoyant of equity-linked sectors continues to be Japanese warrant bonds, reflecting the resilience of the Tokyo stock exchange. The market paused for breath at the end of 1987 but has steamed ahead again so far this year with more than \$10m already issued, only a few billion less than the total for the whole of last year.

As the bulk of this paper still seems to find its way back to Tokyo, the sector remains more or less isolated from the rest of the market. But dealers are now detecting growing interest in paper from non-Japanese borrowers which offers both a reasonable coupon and the option of relatively straightforward access to the equity markets.

There is still steady demand from the Continental, mainly Swiss-based, retail investors who helped propel the convertible sector, in particular Euro-sterling bonds, to prominence last year. However, constraints on borrowers since the stock market crash have made for a serious shortage of paper.

The burning question now faced by most borrowers is whether to include a put on their convertible deals. The advantages or otherwise of offering investors the option to claim their money — usually at an attractive premium to the issue price — should they wish to do so, after five years have been hotly debated more than once in the columns of this newspaper and elsewhere, often with widely differing conclusions.

Yet which ever conclusion one chooses to draw, there is no escaping the fact that the crop of longer-dated puttable issues, several for UK-based retailers, which were issued on the crest of the convertible wave last year have badly underperformed the market since the crash.

Also worth noting is the fact that the houses who were so active in lead managing many of these puttable deals last year, among them Credit Suisse First Boston, have maintained a rather low profile in the equity-linked primary market so far this year.

That it is still possible to launch a convertible without

attaching various bells and whistles has been proven this year. Baring Brothers, a house which has always maintained that a put is often an expensive option for the borrower, brought a successful issue for Harrison & Crossfield.

US borrowers, however, with whom the put has never been a popular feature, have been extremely thin on the ground. The most recent deals, Vishay Intertechnology via Salomon Brothers International and Thermo Instruments via Dresel Burnham Lambert and Shearson Lehman Hutton were both relatively small and tightly controlled deals. Most US companies apparently feel their equity is still too cheap at current levels to venture a convertible issue.

The worries about put options together with the tightening up of pre-emption rights on these issues following a vociferous campaign by institutional investors have effectively restricted UK borrowers' access to the market.

Although accounting rules have been traditionally slow to catch up with new financial instruments, it now looks as if many companies will soon be obliged to set up provisions for their convertibles. Supermarket chain Argyl Group was the first to take these precautions last month, setting aside £1.1m to cover the extra interest costs expected if the bonds are redeemed early.

The alternative, already taken this year by a handful of companies, of a Euromarket issue of convertible preference shares through Netherlands Antilles financing subsidiaries would also appear to have its pitfalls. Although it is still possible to ensure tax exemption by routing these issues via the Netherlands, as was the case with last week's £48m issue for construction and engineering group Costain via Morgan Grenfell, the UK tax authorities are likely to keep a closer eye on these transactions since they proposed the withdrawal of the double taxation treaty with the Caribbean tax havens.

But if UK borrowers are effectively barred from the market, there appears to be a growing number of European companies willing and able to

Merger of German banks moves closer after fresh talks

By Haig Simonian in Frankfurt

THE CHANCES of a merger between Westdeutsche Landesbank (WestLB) and Hessische Landesbank (Helaba) came one step closer last week after talks between Mr Johannes Rau, the Prime Minister of North Rhine Westphalia, and Mr Walter Wallman, his counterpart in Hesse.

WestLB and Helaba, which are located in the two states respectively, are jointly owned by their state governments and regional savings organisations. Political approval would be essential for any merger, which would create West Germany's second biggest bank with total assets of DM227bn (\$122bn).

The North Rhine Westphalian cabinet will decide whether to take up negotiations straight after the summer political break, according to Mr Rau. Should it give the go-ahead, talks could start "without delay," he said.

The Hesse government is thought to be keen on a merger, and Mr Rau confirmed his talks with Mr Wallman were "going well," although there was no need to reach a decision before the summer.

Meanwhile, WestLB's board is recommending the merger to its shareholders as "sensible and necessary," according to Mr Friedel Neuber, its chief executive and a prime mover behind the deal.

Mr Neuber said he had already passed on the board's conclusions to the state government, and discussions with the region's savings bank movement would probably begin this week. Helaba's managing board is not expected to reach a final decision until after the summer holidays.

Mr Rau confirmed that his state was as concerned about the effect of a merger on its structural development plans as about the business outlook for any merged bank. WestLB plays an important role in channelling public funds in the state, which has been hard hit by severe problems in traditional industries like coal.

However, Mr Neuber repeated that WestLB intended to stick to its strategic plan, irrespective of the merger talks, which would benefit both Düsseldorf, its home base, as a financial centre and the state in general.

EUROCREDITS

Financing for British takeovers adds a little zest

THREE FINANCINGS for takeovers of British companies provided the talk of the international loans market last week.

The furthest advanced is a \$250m, six-year financing for the \$450m agreed bid by Lowndes, the private company newly formed by Mr James Gulliver, for the carpet and furniture dealer Harris Queensway.

Midland Montagu, which will be syndicating the deal, and Charterhouse have underwritten the financing and it has been sub-underwritten by a further three banks.

Syndication is expected to start soon of a \$500m facility being arranged by Chemical Bank to help in the financing

of the management buyout of Reed International's European paper packaging and trading operations. Sub-underwriters were being sought last week for the financing, \$400m of which will be drawn down to finance the acquisition and the rest used as working capital.

Besides Chemical, Industrial Bank of Japan and National Westminster have underwritten the transaction, and IBJ will co-ordinate syndication among Japanese banks.

This is said to be the largest debt financing yet for a UK management buyout and is being arranged by Chemical, which led the previous record UK buyout financing for MFL. The aggressive pricing on the MFL deal, according to bankers,

has encouraged expectations that the Reed deal will not give too much away to the market either. Chemical for now is keeping silent.

The third and least certain of the deals is the funding thought to be of about £1bn to finance the possible bid by the Australasian food group, Goodman Fielder Wattie, for Banks Hovis MacDougall, the bakery and foods group. Midland Montagu is said to be in the early stages of arranging such a financing, but Goodman has only said that it is considering such a deal.

Worst-timed announcement of the week was the £150m sterling commercial paper programme arranged by Morgan Grenfell for RHM. The four-

EUROMARKET TURNOVER (\$m)

Primary Market	US\$	Swg	FRF	Other
US\$	4,052.2	3.7	1,233.7	9,482.7
Swg	4,982.5	332.9	579.0	7,851.3
FRF	2,211.5	341.2	1,947.2	1,714.3
Other	2,143.2	1,079.5	51.5	1,101.1

Secondary Market	US\$	Swg	FRF	Other
US\$	16,828.6	1,299.2	4,025.6	3,782.7
Swg	14,594.9	1,206.3	4,792.8	4,912.8
FRF	19,879.6	1,244.2	2,925.4	20,078.8
Other	17,877.2	1,344.0	4,422.5	25,215.6

Total	US\$	Swg	FRF	Other
US\$	21,880.8	1,302.9	5,259.3	13,265.4
Swg	19,577.4	1,539.1	6,071.8	12,764.1
FRF	22,799.1	2,488.4	4,852.6	24,897.6
Other	20,020.4	2,423.5	5,544.7	26,986.7

West to July 14, 1988 Source: AIBD
dealer group includes Midland Montagu, which is acting for a certain Australasian food con-

Goodman finds support for RHM takeover bid

By Martin Dickson in London

GOODMAN Fielder Wattie, Australasia's largest food company, is understood to have gained the support of a group of eight international banks to finance a £1.5bn (\$2.5bn) bid for Ranks Hovis MacDougall. It is now widely expected to make an offer for the British bakery and foods group later this week.

The banks are believed to include Midland, Hongkong and Shanghai, Westpac, Amro, Banque Nationale de Paris, Canadian Imperial Bank

of Commerce and Industrial Bank of Japan.

Goodman, which already holds 29.4 per cent of RHM's shares, announced last week that it was considering a bid for the company at around 445p a share, putting a value of some £1.5bn on the group. RHM, which saw its shares close on Friday at 451p, has made clear a bid would be welcome.

An offer from Goodman would be highly leveraged.

This announcement appears as a matter of record only

BANCA NAZIONALE DEL LAVORO
Sezione Autonoma di Credito Fondiario

BANCO DI NAPOLI
Sezione di Credito Agrario

CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE (CARIPLO)
Sezione di Credito Agrario

ISTITUTO BANCARIO SAN PAOLO DI TORINO
Sezione di Credito Agrario

Lit 400,000,000 equivalent Eurocurrency Loan Facility

Lead Managed by

Banco di Napoli	Banco di Roma
Bank of Tokyo Capital Markets Group	BNL Investment Bank plc
Cassa di Risparmio delle Provincie Lombarde (CARIPLO)	
Istituto Bancario San Paolo di Torino, London Branch	The Sumitomo Bank, Limited

Co-Lead Managed by

Barclays Bank PLC	Crédit Lyonnais
National Australia Bank Limited	National Bank of Abu Dhabi
Oesterreichische Volksbanken-Aktiengesellschaft	TSB England & Wales plc

Managed by

Arab Banking Corporation (ABC)	BACOB Savings Bank s.c.
Deutsche Bank Luxembourg S.A.	The Tokai Bank, Limited

Co-Managed by
Yamaichi International (Nederland) NV

Funds Provided by

Banca Nazionale del Lavoro, London Branch	Banco di Napoli	Banco di Roma, London Branch
Cassa di Risparmio delle Provincie Lombarde (CARIPLO), Hong Kong Branch		
Istituto Bancario San Paolo di Torino, London Branch	The Bank of Tokyo, Ltd.	
The Sumitomo Bank, Limited	Barclays Bank PLC	
Crédit Lyonnais	National Australia Bank Limited	
National Bank of Abu Dhabi	Oesterreichische Volksbanken-Aktiengesellschaft	
TSB England & Wales plc	Arab Banking Corporation (ABC)	
BACOB Savings Bank s.c.	Deutsche Bank Luxembourg S.A.	
The Tokai Bank, Limited	Yamaichi International (Nederland) NV	
Banco di Napoli International S.A. (Luxembourg)	Melita Bank International Limited	
Crédit Général S.A. de Banque	Daiwa Europe N.V.	Kuwaiti-French Bank
Banque UCL - Banque Universelle et Commerciale du Luxembourg S.A.		

Agent Bank
The Sumitomo Bank, Limited

July 1988

NEW ISSUE

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JULY 1988

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INTERNATIONAL CAPITAL MARKETS

UK GILTS

Fears over inflation again haunt traders

ONCE MORE inflation is haunting the gilt-edged securities market. There is a consensus among analysts that it has increased, is increasing, and that the Government ought to do something about it.

Friday's retail price index figure for June merely confirmed what many have been arguing for weeks. Inflation is heading towards an annual rate of 5 per cent and the trend is firmly upwards.

At 4.6 per cent in the year to June, inflation is at its highest since February 1986 and more than double the low of 2.4 per cent in July 1986.

A straw poll of City forecasts suggests that unless corrective action is immediate, inflation could be above 5 per cent before the end of the year.

Typically, Mr Richard Jeffrey of Hoare Govett is forecasting an average of 5.1 per cent in the last three months of 1988. Mr Kevin Boakes of Greenwell Montagu, says 5.4 per cent.

The market's preoccupation with inflation was demonstrated last week. What provoked most activity was comments on Thursday (presumably with knowledge of what Friday's RPI figures would hold) by Mr Nigel Lawson, the Chancellor, in the House of Commons.

Mr Lawson asserted that he was not satisfied with the rate of inflation and was determined to get it down. Although this was hardly new, there were some willing to interpret this as signalling that any policy of promoting currency stability had finally become subordinate to the greater aim of cracking inflation.

Otherwise it was another quiet week. There was a temporary blip upwards when average earnings figures published on Thursday showed an underlying 8 1/2 per cent rate of increase in May instead of the 8 per cent or 9 per cent that many feared. But the rise of half point or so at the long end was quickly reversed.

Thursday's rise in US prime rates was interpreted as catching up with money market rates. And even Friday's trade figures, which fell within the range of expectations, had little impact. "We spent a month waiting for them and now we will wait a month for the next one," said Mr Glenn Davies, of

US MONEY AND CREDIT

Gradual short-term interest rates rise likely

LAST WEEK'S testimony before the Senate Banking Committee by Mr Alan Greenspan, greeted with some degree of stupefaction on Wall Street, gave some interesting insights into the delicate balance the Federal Reserve chairman has to strike in an election year when the economic signals are mixed.

Mr Greenspan's analysis clearly portrayed an economy whose rate of growth at a time of emerging supply-side constraints needs to be decelerated. His statements on interest rates, on the surface, suggested that the Fed would not necessarily take the steps to accomplish that slowdown.

He denied that higher interest rates were inevitable and said that he was happy at present with the relationship between the Fed Funds rate and the discount rate.

For every sentence laced with warnings about the threat of higher inflation, there was a soothing addendum, which was enough to convince some market participants (perhaps those who already tend to believe that economic growth is losing momentum), that interest rates may have peaked.

But the most specific sections of his testimony suggested that the Fed does indeed intend to take active steps to slow the economy down. He said that both capacity utilisation and unemployment rates had to be levelled off to prevent higher inflation. Indeed, he specifically projected higher unemployment next year with a rate of between 5.5 per cent and 6 per cent compared with 5.25 per cent and 5.75 per cent this year.

Mr Robert Brusca, chief economist at Nikko Securities in New York, believes Mr Greenspan's testimony offered an accurate assessment of prospects for the economy. He felt some scepticism, however, about the vague hints that the economy would somehow slow down without monetary action by the Fed.

"The Newtonian theory says that a body in motion will remain in motion unless an outside force acts to stop it," he commented.

It seems that the most obvious overall conclusion for interest rates is that the Fed will nudge short-term interest rates higher in a very gradual way and try at almost any cost to avoid a rise in the discount rate.

The most obvious problem for the setting of policy (and finding direction in the bond market) is the genuinely mixed economic evidence. For example, although the civilian unemployment rate fell to 5.3 per cent in June, its lowest level for 14 years, average hourly earnings actually dropped slightly.

On the inflation front, prices of goods are moving in different directions, giving no clear picture. Oil prices have been weak and agricultural commodity prices have been all over the place, reflecting weather conditions in the farm belt.

Friday's June producer prices figures were a good example of the ambiguity of information on the economy. While the 0.4 per cent rise last month was smaller than expected, as lower energy prices offset the higher cost of food, there was at the same time an alarming 0.9 per cent jump in

the price of intermediate goods and a 1.3 per cent surge in the price of crude goods. This component of the PPI suggests that higher prices may soon be fed into finished goods products.

Much of the most interesting component of the economic picture is the trade/currency area. Recent improvements in the trade balance and the rallying dollar have simply been hailed as positive features and everyone has been thankful for both as helpful influences on US securities markets, labouring under so much other uncertainty.

However, a paper by Mr David Hale and Mr John Silvia of Kemper Financial Services in Chicago, casts a more complex light on the relationship between the trade balance and the dollar.

They suggest that a rising dollar is the tool which will allow the nation to adjust to the supply side constraints on growth which now exist in the labour market and manufacturing capacity.

They concur with the current argument that the dollar is rising because the trade account is improving. This is because, in the short-term, exports are booming and this is triggering a recovery in capital spending which is pushing up interest rates.

Mr Hale and Mr Silvia then comment: "What Wall Street may not yet understand is that the dollar is also rallying because the country cannot

afford to close the trade deficit as rapidly as it appeared to be narrowing in the first four months of 1988."

"The problem with this, in their view, is that if the dollar were to appreciate much further, the Federal Reserve would face a different policy dilemma."

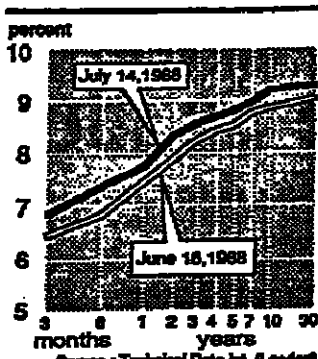
"Since most econometric models had projected that the trade deficit would start to expand again after 1989 if the dollar merely went sideways in real terms, further dollar appreciation could set the stage for a significant widening of the trade deficit by mid-1989 and thus trigger renewed turmoil in the US bond market."

Economic statistics due for release this week, along with the market's forecasts as surveyed by Money Market Services of Redwood City, California are as follows:

Capacity utilisation rate in June (today) is expected to stand at 81.1 per cent. Housing starts for June (Tuesday). The consensus estimate is for 1.47m units with forecasts ranging from 1.40m to 1.55m. The average so far in 1988 is 1.48m units.

Consumer Price Index for June (Friday). The consensus estimate is for an increase of 0.4 per cent with forecasts in a range between 0.3 per cent and 0.5 per cent.

US Treasury yields



Source: Technical Data Int. Standard

US MONEY MARKET RATES (%)

Table with 5 columns: Instrument, Last, 1 week ago, 4 wks, 12-month high, 12-month low. Rows include Fed Funds (weekly average), Three-month Treasury bill, Six-month Treasury bill, Three-month prime rate, and 30-day Commercial Paper.

Source: Salomon Bros (estimates)

US BOND PRICES AND YIELDS (%)

Table with 5 columns: Instrument, Last, Change on wk, Yield, 1 week ago, 4 wks ago. Rows include Seven-year Treasury, 30-year Treasury, New 10-year Treasury, and New 10-year Industrial.

Source: Salomon Bros (estimates)

NRI TOKYO BOND INDEX

Table with 4 columns: Instrument, Average Yield, Last, 12 wks, 26 wks. Rows include Overall, Government Bonds, Municipal Bonds, Gov.-guaranteed Bonds, Bank (collateral), Corporate Bonds, and Gov.-owned Foreign Bonds.

Source: Nomura Research Institute

FT/AIBD INTERNATIONAL BOND SERVICE

Large table listing international bond services with columns for Instrument, Last, Change on wk, Yield, 1 week ago, 4 wks ago, and Bid/Ask prices.

Advertisement for Svenska Handelsbanken. Includes logo, text: 'Svenska Handelsbanken (Incorporated in the Kingdom of Sweden with limited liability)', 'Australian \$50,000,000', '7.65 per cent. Currency Linked Bonds due 1993', 'ISSUE PRICE 100 per cent.', and logos for DKB International Limited, Svenska Handelsbanken Group, Nippon Kangyo Kakumaru (Europe) Limited, and Norinchukin International Limited.

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Growth at Swiss Volksbank

By John Weeks in Zurich

SWISS VOLKSBANK, one of Switzerland's "big five," has reported a 4.8 per cent growth in its balance-sheet total during the first half of 1988 (\$21.65bn). Within this figure, clients' deposits rose 2.9 per cent to SF27.5bn and the due-to-banks sum by 23.5 per cent to SF3.48bn.

Loans and advances to clients were up 5 per cent in comparison with the end of 1987 to SF22.95bn and the due-from-banks figure by 19.9 per cent to SF6.34bn.

First-half cashflow is said to have been satisfactory in comparison with the corresponding 1987 figures after taking "more difficult market conditions" into account.

Interest earnings rose despite tighter margins and income from foreign-exchange and securities trading was well up on last year's levels. But commissions were below 1987 levels.

Herz, the Swiss foodstuffs concern, has lifted first-half group turnover by 28 per cent to SF310.7m, due largely to the full consolidation of four subsidiaries for the first time.

West profits and cash-flow are said to have "developed positively," as had been expected. Herz Conserven, the Lenzburg-based parent company, expects continued good sales and profit growth for the group

Janet Bush

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

French Government set to oust UAP chief

By Paul Bettis in Paris

THE FRENCH minority Socialist Government appears set to replace this summer Mr Jean Dromer, the chairman of Union des Assurances de Paris, as the head of the country's largest state-owned insurance group.

Although the new Government has so far claimed that the UAP chairmanship was not an immediate issue at this stage, there have been increasing signs during the last few days that the Socialist administration intends to replace Mr Dromer with Mr Bernard Attali, the former chairman of the GAN state insurance group and the twin brother of Mr Jacques Attali, one of President Mitterrand's closest advisers.

Mr Dromer, the former head of the French banking association appointed to the top of UAP by the previous right-

wing Government of Mr Jacques Chirac, has long been regarded as one of the most likely state company chairmen to be removed quickly by the Socialist administration.

As chairman of UAP, Mr Dromer is at the head of one of the biggest and most important French financial institutions managing FF170bn (\$27bn) of assets with holdings in many of the country's biggest financial and industrial groups. UAP also has sizeable stakes in several recently privatised groups.

A change of leadership at UAP could clearly help set in motion the Socialist Government's intentions to break up the hard core shareholdings of leading privatised groups set in place by Mr Edouard Balladur, the former right-wing Finance Minister, during his privatisa-

tion programme.

Mr Pierre Bergevoy, the Socialist Finance Minister, has already said that he plans to break-up these hard cores by giving the shareholders of privatised groups the freedom to sell their stakes.

Mr Bergevoy like other Socialists had attacked the previous Government's privatisation programme claiming that Mr Chirac and Mr Balladur had engineered the privatisations to place control of the privatised groups in the hands of personalities and shareholders sympathetic to their neo-Gaullist RPR party.

But the new Government has made it clear that it has no intention to renationalise although it also does not plan, at this stage at least, to continue the privatisation programme started by the former

right-wing administration.

Mr Dromer has been especially seen as a symbol of the RPR's privatisation policy and his position has thus been probably the most threatened of all state group chairmen since the new Government came into power last month.

However, the replacement of Mr Dromer and eventually of a number of other state sector chairmen has posed a delicate political problem for the new Government. Since taking office, Mr Michel Rocard, the Prime Minister, and several of his ministers have pledged that there would be no "witch hunts" in the state sector, breaking with an old French tradition.

The Government has indicated that state chairmen would be judged by their managerial competence and not on

the basis of their political affiliations. This new pragmatic approach also forms part of the Socialist Government's efforts of political overture to attract the support of centrists.

But the Government has come under pressure to take a quick decision on the future of Mr Dromer because of the key role of the UAP in the intricate web of core shareholdings of privatised groups. Indeed, Mr Balladur had hoped to privatise UAP before the elections but was forced to abandon his plan because of last October's stock market crash.

Changes at the top of other state groups would probably be considered only later this year. The most likely targets are expected to be Mr Jean-Marie Leveque, chairman of Crédit Lyonnais, and Mr Pierre Francois Heilbronner.

Komatsu to sell FAI vehicle

By Nick Garnett

KOMATSU, the Japanese construction equipment maker, is to market for the first time a piece of machinery that is a product of European and North American technology and is largely unknown in its domestic market.

FAI, a family-owned machinery maker in Italy, will supply Komatsu with backhoe loaders, a tractor-type vehicle with bucket at the front and digger at the back in a deal confined to the Japanese market.

Komatsu is also breaking new ground by selling the backhoe under the brand name of the European producer.

The world's second largest earth-moving machinery maker after Caterpillar of the US, Komatsu already purchases some equipment from European and North American

manufacturers, including road rollers from ABG of West Germany and Moxey articulated dump trucks made by Brown International of the UK.

These machines, however, are branded Komatsu when sold by the Japanese company.

FAI manufactures 1,200 backhoes a year and claims to be the largest Italian producer. The biggest suppliers of this type of machine are Case of the US, JCB in the UK and Caterpillar.

Mr Satoru Anzaki, Komatsu's general manager for domestic sales, said it was unclear how many backhoes it could sell in Japan.

The aim was to take some of the market now held by mini excavators of which 35,000 a year are sold in Japan.

Mr Anzaki said Komatsu was

negotiating with other machinery makers in Europe about purchasing their equipment and selling it through Komatsu's sales organisation.

Sales of the backhoe are growing faster than the world market as a whole but is a product foreign to Japan.

Hitachi announced recently that it is to sell under its own name backhoes in Japan but made by Deere of the US.

Komatsu will sell the backhoe initially for pipe and cable-laying work and snow-clearing.

Some European equipment makers suggest that the decision to use the FAI name is part of the overall attempt by Japanese industry to try and show that it is behaving more openly in trading with other nations.

HK businessmen to buy two-thirds stake in ATV

By Our Financial Staff

TWO PROMINENT Hong Kong businessmen have agreed each to acquire a one-third stake in ATV, which operates one Chinese television channel and an English one, from ATV Holdings for a total of HK\$408.67m (US\$52.3m).

ATV Holdings, controlled by Mr Deacon Chiu, said Mr Peter Lam, director of Lai Sun Garment, and Mr Cheng Yu Tung, chairman of New World Development, agreed to inject the sum into ATV, one of the territory's two television franchise holders.

It added that the two men and ATV Holdings itself had also agreed to inject a further HK\$180m into ATV.

ATV Holdings originally agreed to sell its entire interest

in ATV to a consortium owned by Mr Lam, Mr Cheng and Mr Chiu. But the authorities rejected the plan on the grounds that a TV franchise must not be held by a holding company.

The capital restructuring is aimed at securing renewal of ATV's franchise, due to expire in December this year.

ATV Holdings will have a profit of HK\$148m from the sale of the ATV stakes and plans a special dividend of 10 cents a share after completing the deal.

Trading in ATV Holdings, suspended since June 20, will resume on Monday and its name will be changed to Far East Holdings International.

Cyprus Minerals to raise \$150m

By Kenneth Gooding, Mining Correspondent

CYPRUS MINERALS, the Colorado-based mining group, plans to raise about \$150m to reduce bank debt incurred in connection with recent acquisitions. The cash will also be used for more purchases.

The company proposes a public offering of 3m shares of convertible exchangeable preferred stock, series B, with a stated value of \$50 a share.

Cyprus was spun off by Amoco (formerly Standard Oil

of Indiana) in mid-1985 and recently declared its first quarterly cash dividend since becoming independent.

The company is emphasising growth in businesses it knows well, such as gold, copper and industrial minerals.

In May it agreed to buy the Arizona copper operations of Inspiration Resources for \$125m.

More importantly, the acquisition brought with it smelter

capacity and a rod plant which will enable Cyprus to turn about half its copper production into wire bar which carries much higher profit margins and gives access to a broader customer base.

In April Cyprus agreed to buy Arco Coal's loss-making molybdenum and copper mine near Tonopah, Nevada. Cyprus said Tonopah would become viable as part of its copper-molybdenum mining complex.

Mercader to head INI

By Peter Bruce in Madrid

THE SPANISH Government has appointed Mr Jordi Mercader, 45, president of Instituto Nacional de Industria (INI), the big state industrial holding company, following the appointment last week of its former head, Mr Claudio Arraiza, as Industry Minister in a Cabinet reshuffle.

Mr Mercader, a Catalan who has spent much of his working life in the paper industry, has

made a name for himself recently, however, by restoring to some order Bazan, the big state-owned shipbuilder.

Although not a member of the governing Socialist Party, Mr Mercader is not expected to change policy at INI - broadly this centres on an unhurried programme of part and full privatisation of INI companies if they begin to make regular profits.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Average life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Nichii Ltd	100	1992	4	3 3/4	100	Nomura Int.	3.375
Toyoi Tire & Rubber	100	1993	5	4 1/4	100	Yamaichi Int. (Eur)	4.250
Sekisui Plastics	50	1993	5	4 1/4	100	Nikko Secs (Europe)	4.250
Mitsubishi Cable Ind.	120	1993	5	4 1/4	100	Nikko Secs (Europe)	4.250
Sumitomo Cement	100	1992	4	3 3/4	100	Nomura Int.	3.375
C. Ishi Fuel Co.	70	1993	5	4 1/4	100	Nikko Secs (Europe)	4.250
Ryosan	150	1993	5	4 1/4	100	Daiwa Europe	4.250
Nantani Elec. Railway	100	1992	4	3 1/2	100	Nomura Int.	3.500
Yasuda Trust & B'ing	100	2003	15	2 3/4	100	Yasuda Trust Europe	2.875
Flora II (a)	58.8	1993	5	4	100.10	LTCS Int.	-
NalWest	200	2000	20	(d)	100	Merrill Lynch	-
Societe Generale NY	300	2003	15	5 1/2	99.224	Shearson L'man Hutton	9.977
Yaohan Departmentstore	100	1993	5	(4 1/4)	100	New Japan Secs.	*
Kao Corp.	200	1993	5	(4 1/4)	100	Daiwa Europe	*
Nissai Metal	240	1993	5	(4 1/4)	100	Nomura Int.	*
Espirito Santo Fin.	100	2003	15	6	100	UBS Secs.	6.000
Int'l Investment	50	1989	1	10	102 1/2	Nomura Int.	7.448
Creditanstalt Bkvm(b)	50	1996	7	9 1/4	100 1/2	Creditanstalt Bkvm	9.150
Dalco Steel	100	1993	5	(4 1/4)	100	Nikko Secs (Europe)	*
Hokuriku Bank	100	2003	15	(5 1/4)	100	Yamaichi Int. (Eur)	*
CANADIAN DOLLARS							
Phillip Morris	125	1990	2 1/2	10 1/8	101	Merrill Lynch	9.565
Galac Canada	100	1993	5	10 3/8	101 3/8	Bankers Trust Int.	10.012
AUSTRALIAN DOLLARS							
IBM (Australia)	75	1992	4	13	101 3/4	Salomon Brothers	12.419
NEW ZEALAND DOLLARS							
BNP Pacific (A'valia)	60	1991	3	14 1/4	101 1/2	Hambros Bank	13.555
D-MARKS							
Com Computer System	60	1993	5	6 1/2	110	SBC (Deutschland)	3.180
Hispano Americano	150	1993	5	2 1/2	100	Commerzbank	2.750
Nippon Tel & Tel	400	1995	7	6	101 1/2	Deutsche Bank	5.734
Dresdner Finance (a)	1bn	1999	10	2	100	Dresdner Bank	-
SWISS FRANCS							
Cernus BVH	150	1993	-	3	100	War.Sodite/Shearson	3.000
Talab Espec Corp.	35	1993	-	4	100	Bank Leu	0.250
Manuhyu Co.	50	1993	-	4	100	SBC	0.250
Yasuda Tel & B'ing	100	1992	-	4	100	Credit Suisse	0.250
Yaohan D'mentstore	80	1993	-	(5)	100	Swiss Volksbank	*
Kehin Co.	50	1993	-	4	100	Bank Julius Baer	0.250
Teraoka Seisakusho	30	1993	-	(5)	100	Bge Paribas (Suisse)	*
Colles Myer Finance	80	1995	-	4 1/2	100 1/2	SBC	4.418
Diapoli Co.	20	1993	-	4 1/2	100 1/4	Mitsubishi Bank	4.443
ABN Int. Fin. Service	150	1993	-	4 1/2	100 1/4	SBC	4.194
Banco di Roma	100	1995	-	4 1/2	100 1/4	UBS	4.458
Hokuriku Bank	100	1993	-	(2)	100	SBC	*
STERLING							
Costain Finance (I)	48	2003	15	(7-7 1/2)	100	Morgan Grenfell	*
Nat. & Provincial B.S.	75	1993/98	5/10	(m)	100	S.G. Warburg Secs.	-
FRENCH FRANCS							
Fantile Mas	500	1993	5	6 1/4	100 1/2	CCF	8.124
LIRE							
Ferrovie dello Stato	150bn	1993	5	10 1/2	101	Banco di Roma	10.235
Ferrovie dello Stato	150bn	1996	8	(l)	100	B.Comm. Italiana	-
YEN							
Credito Italiano (c)	5bn	1993	5	6 1/2	101 1/2	IBJ Int.	6.231
Royal Bk of Canada	5bn	1992	4	(e)	101 3/8	LTCS Int.	-
Girozentrale Vienna	5bn	1993	5	5 1/4	101 3/8	IBJ Int.	4.676
Girozentrale Vienna	5bn	1993	5	(h)	101 3/8	IBJ Int.	-
PKBankart	5bn	1992	4	(k)	101 3/8	Nippon Credit Int.	-

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

24th June, 1988

NKK INTERNATIONAL FINANCE B.V.

5 per cent. Dual Currency Yen/U.S. Dollar
Guaranteed Bonds 1993

unconditionally and irrevocably guaranteed by

Nippon Kokan Kabushiki Kaisha

Issue Price: 101 1/4 per cent. of the Issue Amount

Issue Amount: ¥10,000,000,000
Redemption Amount at Maturity: U.S.\$81,970,000

Nomura International Limited
Citicorp Investment Bank Limited
Fuji International Finance Limited

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New Issue / July 1988

£100,000,000

Phoenix International Finance Limited

6% Guaranteed Exchangeable Bonds Due 1998

Unconditionally Guaranteed by, and Exchangeable into Shares of



Torras Hostench, S.A.

Salomon Brothers International Limited

Banco de Bilbao, S.A. Banco Santander de Negocios
Banque Indosuez Cazenove & Co.
DG BANK Deutsche Genossenschaftsbank
IMI Capital Markets (UK) Ltd. Dresdner Bank Aktiengesellschaft
Morgan Stanley International Morgan Grenfell Securities Limited
J. Henry Schroder Wagg & Co. Limited SBCI Swiss Bank Corporation Investment banking

UK COMPANY NEWS

Clayform loses fight for Stead & Simpson

By Martin Dickson

CLAYFORM, the property group, has lost its contested \$108m bid for Stead & Simpson, the footwear retailer.

By the time its offer closed on Saturday, Clayform spoke for 42.3 per cent of Stead's ordinary shares, well short of the 50 per cent needed for victory.

Most of that total consisted of stakes it had bought before or during the bid. So despite the failure of the offer it will retain a 40.97 per cent holding in Stead's voting shares. Clay-

form insisted during the bid that even if it lost it would hang on as a large minority shareholder.

The offer was accepted by the holders of just 1.83 per cent of Stead's ordinary shares, which are largely owned by private investors, including distantly-related family.

The bid was unusual in that Stead also has a large class of non-voting A shares. Clayform received acceptances covering 35.2 per cent of these shares, and said the largest 25 institu-

tional holders of A shares had accepted for over 85 per cent of their shares. This, together with shares Clayform bought, meant that it spoke for 46.3 per cent of the A shares by the time its offer lapsed.

Clayform was advised by Samuel Montagu and Stead by S.G. Warburg. Mr Mark Seligman, of Warburg, said the result vindicated Stead's view that the offer was inadequate. The company had yet to hear what Clayform now intended to do.

Increased dividend promised by CASE

By Martin Dickson

CASE, the computer networking company fighting a \$57m takeover bid from Gandalf Technologies of Canada, has issued a defence document forecasting a sharp rise in dividend payments this year, to 2.25p net compared to 0.75p in 1987-88.

However, it did not make a profit or turnover forecast, saying that with just three months of the current year gone, it was too early to do so. Gandalf yesterday attacked this omission. Mr James Bailey, the chief executive, said: "If CASE are so arrogant and hostile towards Gandalf, they ought to have had the guts to put in a profits forecast. I would have."

CASE did say that in the first quarter of this year its sales were up 20 per cent on the corresponding period of last year. And it added that the directors were confident about its prospects for the year.

The document included a strong attack on Gandalf, which, CASE argued, had a "dangerously flawed" product strategy. The company's management had piloted it into a "technological backwater."

It also claimed that the products of the two companies competed, and were not complementary as Gandalf said, so that a merger would result in severe disruption to business. But Mr Bailey hit back, accusing CASE of making statements that were nonsense or illogical.

Setting sails on luxury market

David Waller looks at the contested bid for Falmouth Hotel

THE BUSINESS world has not seen anything like it since James Finlan, a paper and building materials distributor, launched and lost a ferocious contested \$2.5m takeover bid for Baltic Sea Mills, a private company based in Tunbridge Wells.

The quiet Cornish harbour town of Falmouth has never seen anything like it. Amid the usual flurry of accusation and counter-accusation, a company with the dash name of Glenwidge has launched a \$2m bid for the Falmouth Hotel, a very small public company which does not have a listing.

Such contested bids for small, unquoted companies are most unusual.

In this case, the predatory company is a vehicle for Mr Peter de Savary, the yachtman and entrepreneur who has already set about transforming Falmouth, opening a marina and ship-repair business and basing the Blue Arrow Challenge for the Americas Cup in the town.

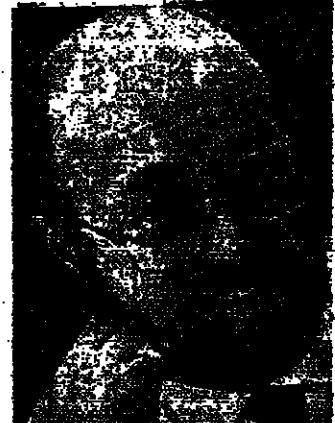
As its name suggests, the Falmouth Hotel consists of a hotel - or, to be precise - two hotels on the Falmouth waterfront. It has anywhere between 80 and 160 shareholders (depending whose word you take for it), most of whom are related to the few Cornish families which founded the hotels in 1882.

Mr de Savary would like to turn the larger one - the Falmouth Hotel - into a luxury hotel to house the up-market clientele attracted to the town by his yachting ventures.

Mr James Fox, chairman of the company and great-nephew of one of its founders, says that the hotels are doing quite well enough on their own, thank you very much, and that there's no point in doing a deal with Mr de Savary.

"He clearly thinks that he can take over the whole town," contends Mr Fox. "We believe that he has no chance of taking over the Falmouth Hotel. The whole thing is an extraordinarily aggressive move, a very odd bit of corporate finance indeed."

Fighting talk. When Mr de Savary exploited an arcane section of the Takeover Code to



Peter de Savary

mandate a meeting of the hotel's shareholders, Mr Fox urged them not to attend. Strongly worded offer documents, carrying at the hotel's minuscule profits (\$20,000 last year), have met with equally forceful defence documents.

It comes as no surprise to find that in real life Mr Fox works for Morgan Grenfell, that arch exponent of the takeover battle. "If I hadn't happened to have worked in the City," he observed, "the wool could easily have been pulled over our shareholders' eyes."

Mr de Savary rejects any imputation that he is making a truly hostile bid, for which the first closing date is Thursday. "This is just a way of getting to the shareholders," he says. "The management have refused to see me. I think that that is ridiculous: we have plenty to discuss. What is more, with 100 bedrooms between them, the hotels made only half as much profit last year as one of my Cornish country pubs."

"I am not an entrepreneur crusader," and there is no emotion involved. I shall go away again very quietly if the shareholders vote against the bid."

Mr de Savary is being slightly disingenuous, as his departure would not be a departure. If his bid fails, due to what he might call the inexplicable reluctance of the target company's board to recommend it, he would just build his own hotel around the corner.

Central & Sheerwood expands

By Vanessa Houlder

CENTRAL & SHEERWOOD, the battle-scarred engineering company that was rescued last year by Mr Robert Maxwell's Pergamon, has moved into property development.

In a complex deal, C&S is buying four property companies for \$280,000 in shares from Robert Fraser Group, the merchant bank. In addition it is raising \$2.3m through a private subscription, which will be directed both towards the remaining engineering businesses of C&S and the new property division.

After the transaction, RFG and its associates will own 29.9 per cent of C&S. Mr Maxwell, whose Pergamon owns 7.9 per cent of RFG as well as 29.5 per cent of C&S, will join the board as chairman.

The private subscription, which has been arranged amongst RFG and certain executives of its subsidiary Robert Fraser Estates, is priced at 3.65p per share, well below the market price of 6p.

In favour of the deal, C&S stated that performance and prospects of the existing engineering businesses were unlikely to justify the existing share price, which is also far in excess of the asset value of 0.77p per share at the end of 1987.

The subscription and acquisition would provide \$1.5m towards a \$5m capital expenditure programme for the engineering businesses. In addition, it would provide the group with a new business area and proven management

and increase net assets from 0.77p to 1.45p per share.

Further finance for the capital programme for the engineering businesses, which are principally engaged in the production and machining of castings and components, is being sought from government grants with the balance, up to \$3.5m, financed by a loan agreement with Pergamon.

The new property development division of C&S will initially be administered by Robert Fraser Estates under a management contract.

Maxwell Business Communications has purchased the Evan Steadman Communications Group for \$5.25m cash, with deferred consideration dependent on profits.

Racial flotation gets tax clearance

The Inland Revenue has told Racial that it will face no tax liability as a result of the planned flotation of its telecommunications subsidiary.

This removes one of the obstacles which might have threatened the flotation of the Racial Telecommunications Group, which includes the Vodafone mobile telephone network.

Racial plans to sell 20 per cent of RFG later this year for about \$400m. It bought a similar stake in Vodafone from minority shareholders for \$28m 18 months ago, raising the possibility that it might have had to pay about \$100m in taxes as a result of capital gains.

COMPANY NEWS IN BRIEF

ANGLO & OVERSEAS TRUST reported an increase in net asset value to 277.3p at the end of June 1988, against 239.9p six months earlier. The figure however, was lower than the 311p for June 1987. After-tax revenue for the first half of 1988 dropped from \$2.71m to \$2.55m. Earnings per share were 2.2p (2.33p) but the interim dividend is raised from an adjusted 1.25p to 1.35p.

BODYCOTE INTERNATIONAL has raised \$2.08m via a placing of 800,000 new ordinary shares at 260p. The money raised will finance the recent \$1.53m acquisition of Furnace Treatments with the balance available for reducing debt.

SYMONDS ENGINEERING, light to medium engineer,

reported a 26 per cent reduction in pre-tax profits from \$254,489 to \$188,581 in the year ended March 31, 1988. Turnover was marginally higher at \$4.43m, (\$4.38m). Earnings per 5p share slipped from 1.643p to 1.158p. The final dividend is again 0.7p for a maintained 1p total.

NORTE SEA ASSETS, an investment holding company which has undergone a major capital reconstruction and reduction, the latter subject to court confirmation, cut its losses from \$211,000 to \$149,000 pre-tax for the half year ended March 31 1988. Loss per share 0.35p (1.76p) and net asset value 15.4p assumed reduction in capital would be approved by shareholders.

Armour acquisition

Armour Trust is acquiring Airfresh, maker and distributor of an extensive range of car airfreshers, for up to \$2.3m.

Initial consideration of \$1.33m comprises 2765,000 in 1.55m ordinary shares and \$669,000 in 7 per cent convertible loan stock. Two additional payments, of a maximum \$500,000 each, are profit related.

Armour also announced it will recommend a final dividend of 0.606p, lifting the total for the year ended April 30 1988 by 83 per cent to 0.806p.

Perkins takeover talks follow \$5.6m purchases

By David Cohen

PERKINS, USM-quoted food group with a market capitalisation of \$13.5m, is discussing the possible takeover of a private company substantially larger than itself. Its shares were suspended on Friday at 90p.

Earlier in the day, Perkins had announced the \$5.6m acquisition of two private frozen-food companies, Dutch-based vegetable producer, Champfit, and UK packer and distributor, Sunbird Foods.

The purchase - the third by the new management who

joined the company last August - follows the \$2.8m acquisition of shellfish supplier, Sefton, and frozen meat supplier, Baxter Group, earlier this year.

Mr Howard Phillips, chief executive, said he expected the companies to add \$15m to forecast 1989 turnover of \$50m.

The initial consideration of \$2.18m will be settled \$890,000 in cash, \$270,000 in convertible preference shares and \$420,000 in ordinary shares. The balance is profit-related.

Nat Telecoms allocations

The offer-for-sale of shares in National Telecommunications, the telephone systems group coming to the main market, has been 18 times subscribed.

Barclays de Zoetie Weill said there had been 18,953 applications for a total of 167.2m shares, compared to the 9.25m - 37 per cent of the company's equity - on offer at 120p each. The shares will be allocated on the following basis: applications for 200 to 1,000 shares will have a weighted ballot for 200 shares; for 1,000 to 2,000, a weighted ballot for 400; for 2,000 and above, around 5 per cent of shares applied for.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's transactions.

Company	Date
British Telecommunications	Aug 17
Continental Assets Ltd	July 27
London Assets Ltd	July 27
GRV	Aug 10
Power Systems	Aug 1
River & Mercantile Ltd	July 21
Trust of Property	July 19
Dyson J & J	July 22
Fish G M	July 26
Mid West Int'l Inv Ltd	July 21
Topo Estates	July 19
Zellers	July 20

FT Share Service

The following securities were added to the Share Information Service in Saturday's edition: ASW Holdings (Section: Engineering); Areal (Electricals); Applby Westward (Foods); Arthur Shaw (Buildings); Billingsgate City Secs. (Property); Dana Exploration (Third Market); Dauphin (Industrial); Guinness Mahon (Banks); Willoughby's Cons. (Misc-Central African); Young Group (Misc-Miscellaneous).

IRELAND

U.S.\$50,000,000 Floating Rate Notes due July 1992

In accordance with the provisions of the Notes, notice is hereby given that the six month interest period from 18th July, 1988 to 18th January, 1989 the Notes will carry an interest rate of 8 1/4% per annum. The relevant interest Payment Date will be 18th January, 1989 and the Coupon Amount per \$500,000 will be \$22,201.39.

Bank of Tokyo International Limited Reference Agent

The Bank of Nova Scotia

U.S. \$200,000,000 Floating Rate Debentures due July 1994

For the six month period 14th July, 1988 to 17th January, 1989 the Debentures will bear an interest rate of 8 1/4% per annum with a coupon amount of U.S. \$444.77 payable on 17th January, 1989.

Bankers Trust Company, London Agent Bank

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer or invitation to any person to subscribe for or purchase any shares. Applications has been made to the Council of The Stock Exchange for the grant of permission to deal in the Company's Ordinary shares of \$1 each and 3.75 per cent Cumulative Convertible Preference shares of \$1 each, issued and to be issued, in the United Securities Market. It is emphasized that no application has been made for these shares to be admitted to listing. It is expected that dealings will commence on 22nd July 1988.

CITY GATE ESTATES PLC

(Incorporated in England and Wales under the Companies Act 1948 as amended. Registered No. 1872277)

City Gate Estates PLC is engaged in the development and sale of commercial and residential property in the London area.

Placing and Offer to shareholders by Hill Samuel & Co. Limited

of 420,726 Ordinary shares of \$1 each and of 1,245,940 3.75 per cent Cumulative Convertible Preference shares of \$1 each at 300p per share

Share Capital	Issued and to be issued, July 1988
Authorised £ 7,500,000	Ordinary shares of \$1 each \$5,477,476
£ 3,200,000	3.75 per cent Cumulative Convertible Preference shares of \$1 each \$2,418,890
£10,500,000	\$7,896,366

Hill Samuel & Co. Limited arranged for 75 per cent of the shares made available in the Placing to be placed by County NatWest Wood Mackenzie & Co. Limited with the balance of the remaining 25 per cent of such shares were allocated to Citicorp Securities Investors & Co. for distribution to its clients.

Full particulars of the Company are available through the Bond United Securities Market Service and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays and bank holidays excepted) up to and including 1st August 1988, from: Hill Samuel & Co. Limited, County NatWest Wood Mackenzie & Co. Limited, Citicorp Securities Investors & Co. 100 Wood Street, Drapers Gardens, Hays Lane, London SE1 2QT and from the Company's registered office at Blenheim House, Broad Street, London SW9 6JZ, and during normal business hours on 18th July and 19th July 1988, for collection only, from the Company's Agent, The International Stock Exchange, 46-60 Finsbury Square, London EC2A 1DD, 18th July 1988.

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Managing Director and Chief Executive Officer

Brian H. Peters
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FINANCIAL TIMES STOCK INDICES

	July 15	July 14	July 13	July 12	July 11	July 8	1988	Low	Since	Completion
Government Secs.	87.52	87.78	87.82	87.78	87.98	87.90	91.43	86.97	127.4	48.18
Fixed Interest	97.24	97.19	97.34	97.27	97.43	97.38	98.67	94.14	105.4	50.53
Ordinary	1497.5	1496.7	1500.8	1494.3	1510.5	1506.8	1510.9	1349.0	1626.2	49.4
Gold Mines	223.7	222.0	218.1	217.5	218.5	221.6	312.5	195.4	734.7	43.5
FT-Act All Share	968.55	969.47	972.51	966.41	974.10	973.43	973.43	870.15	1238.57	61.92
FT-SE 100	1861.5	1863.3	1871.3	1868.9	1876.8	1877.2	1879.3	1694.3	2443.4	98.9

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer or invitation to any person to acquire any Ordinary Shares in Savills plc. Application has been made to the Council of The Stock Exchange for the ordinary share capital of the Company, issued and now being issued, to be admitted to the Official List. It is expected that dealings in the Ordinary Shares will commence on 21st July 1988

SAVILLS

SAVILLS plc
(Registered in England and Wales No. 2122174)

Placing by Kleinwort Benson Limited

9,608,377 Ordinary Shares of 5p each at 125p per share payable in full on acceptance

Share Capital	Issued and now being issued fully paid
Authorised £2,450,000	£1,770,049

The Ordinary Shares now being placed rank *pari passu* in all respects with the existing issued Ordinary Shares

Savills is one of the few national surveying practices offering a comprehensive range of advice on matters affecting UK commercial, agricultural and residential property. The Company operates from a network of 22 offices in the United Kingdom, six of which are located in London. Copies of the listing particulars relating to the Company may be obtained during normal business hours up to and including 20th July 1988 from the Company Announcements Office, The Stock Exchange and during normal business hours on any weekday (Saturdays excluded) up to and including 1st August 1988 from:

Kleinwort Benson Limited 20 Fenchurch Street, London EC3P 3DB	Savills plc 20 Grosvenor Hill, Berkeley Square, London W1X 0HQ and 25 Finsbury Circus, London EC2M 7EE and all other offices of Savills	Hoare Govett Corporate Finance Limited 4 Broadgate, London EC2M 7LE
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Details of the Ordinary Shares of the Company are available in the Extel Statistical Services.

18th July 1988

MANAGEMENT

Trained to liberate creativity

Midland Bank is teaching its staff to 'put customers first' in the competitive world of financial services. John Gapper reports

In a darkened room in a Leeds hotel, a couple are holding hands over a candlelit table, gazing into each other's eyes and clinking their wine glasses together. Their flirtation is being observed closely by 120 people.

"Who do you think I'm in rapport with in my life?" the woman asks five minutes before "Joe" came the mumbled reply from several of the onlookers. But this is not Joe whose hand she is caressing, this is Paul.

The woman is Sally-Ann Huson, a tutor hired by Midland Bank to teach staff to draw on their experiences outside work to develop the technique of making customers feel more at ease and inclined to buy the bank's products. The man is one of her Midland students.

Their encounter is part of a two-day training seminar, through one of which 19,200 of Midland's 37,000 staff are expected to have passed by the end of this year.

Its style, content and language are not exactly calculated to appeal to the traditional bank manager.

Indeed, not much of Midland's Putting Customers First - a training programme launched last year to prepare staff for a new era of competition in the high street for the supply of financial services - is designed to please the bank's traditionalists.

For Putting Customers First amounts to a calculated assault on the established staff culture of a British clearing bank, planned by a personnel division which is now led by senior managers brought in from other areas of industry to provide a fresh perspective.

On this rainy morning in Leeds, they have collected together a cross-section of Midland staff - ranging from John Talman, head of personnel at the bank's group head office, to several clerks from its Barnsley branch - to be taught by Huson such exotica as transactional analysis.

Huson is the tutor provided by Time Manager International, a Danish company specialising in customer care training whose most notable British achieve-

ment to date was the re-training of 35,000 British Airways cabin and ground staff. On the morning of the second day of the 67th such seminar, she reaches the stage in the training that she calls "rapport".

Here is a flirtatious and intimate style. It needs to be, given her material.

"At the moment, she has persuaded one of her audience to walk slowly towards her at the front of the room, and stop when he starts to feel uncomfortable. There is much muffled giggling from his fellow trainees as he nears her."

"David is saying he trusts me by letting me get close to him," says Huson, explaining that people in the north of England like more "personal space" around them than southerners.

Psychology

But the audience participation in body language is not over.

She next describes how she met her boyfriend Joe (not his real name, it later transpires), and declares: "I wonder if there is someone who is prepared to be passionately in love with me for two minutes?" Paul gets to his feet, the lights go down and candles and a wine bottle are produced.

The core of the seminar - the only part of Putting Customers First contracted out to TMI - is elementary psychology.

The chapter headings in the accompanying booklet include What Sort of Person Would You Like To Be?, Your Brain, Transactional Analysis, Being Assertive, and A Positive Attitude to Life.

The seminar was originally intended only for those staff working in Midland's new retail-style branches, but was extended after the enthusiastic reaction it received.

It strikes a chord among the bank clerks of South Yorkshire, who compare it acerbically with Midland's position against the other major British clearing banks.

"It is nice to see Midland being the first to do something for once, rather than being the poor country cousin of the other banks," says Kay Cooper, a 27-year-old clerk at Barnsley. She is "always anxious" about

attracting enough business to ensure the survival of her branch.

That view is echoed by Mrs Janet Cox, a part-time clerk at the "dirty and shabby" Hemsworth sub-branch, who feels better service to be her only weapon to drag customers away from the rather smarter Barclays nearby. "They know they have an alternative if they are not satisfied with us," she says.

Not everyone in Barnsley is so enthusiastic, according to Cooper. "There are some people who are totally opposed to it," she says. "They tend to be the older ones, because they are more set in their ways."

That has a resonance for Midland's UK training manager, Tim Chapman. He arrived from Esso in the management shake-up following the appointment of Sir Kit McMahon as chairman in 1986, and has since been coming to terms with the ingrained culture of a large British clearing bank.

The whole concept of selling something has been anathema to a banker, he says. "The senior managers realise that the bank has got to change rapidly, and the youngsters welcome it because it makes their jobs more interesting, but there are some in the middle layer that naturally resist it."

Putting Customers First - which cost £5m of the £8.5m spent on training last year - is intended to adjust Midland's UK staff to a revised role as part of the bank's fresh domestic strategy.

This follows Midland's disastrous purchase of the California-based Crocker National Bank in 1989, and its large Third World debt exposure.

Licking its international wounds, the bank elected to push into the UK market using branded financial products. At the same time, it decided this new reliance on branches selling products such as the Orchard home finance and Credo business start-up packages would depend for success on revising staff skills and attitudes.

A series of training packages was devised: some revised versions of previous practice, and some new. Given the generic title of Putting Customers First, they all contained elements of customer care train-

ing of the type increasingly used by companies in the British retail sector to make sales staff more effective.

Mike Fuller, Midland's UK Banking deputy chief executive, says the bank's tribulations, together with competition from other institutions, have made it easier to effect a cultural change. "We do not actually have an opportunity to stay the same even if we wanted to. The market place is in a turmoil of change," he says.

"Banks are competing strongly with each other and the building societies are a third force. Everyone is operating in a retail environment and we could not survive as a sleepy, cosy clearing bank. There is an impetus for us to change our management attitudes."

Basic tenets

The companies from whose staff practices he believes Midland can learn are drawn from a wider circle still. He cites British Airways and McDonald's, the fast food chain, as examples of companies that have realised the value of training staff in dealing with customers.

The bank embarked on its new training programme in April last year by sending a letter to all staff setting out its basic tenets.

It concentrated first on the core group of staff whose attitudes it wanted to change - its 2,000 managers. A series of launch conferences were held at which senior personnel managers explained what was to come. This included:

- Four basic week-long training programmes for all staff, known as Retail 1 to 4. Held at the bank's five regional training centres, these concentrate on selling skills and product knowledge. They are a revision of Midland's previous basic training.
- The two-day seminars, based on a TMI programme known as Putting People First. According to TMI, they are intended to create a sense of team spirit and encourage participants to examine the way they behave both at work and at home.
- The recruitment of 20 "Retail Image Training Advisers" whose task is to go into existing branches and train



It's not what you do; it's the way you motivate

Michael Skapinker offers hope for the discriminated-against over-40s

Are managers over the hill at 40? And if not, why do so many organisations think they are?

Roger Stubbs, deputy managing director of the Mori market research group, said last week that companies do seem to discriminate against managers over 40.

He told a conference organised by Bupa, the private health services group, that 73 per cent of recruitment specialists interviewed by Mori said that companies would rather employ people who are under 40.

Is their preference for younger managers simply prejudice, or is there some logic to it?

Bill Acker of Rohrer, Hibler and Replogle, a firm of psychologists, said that the ability to perform some mental operations does decline with age.

As people get older they have more difficulty with activities which involve both accuracy and speed. Quick arithmetic calculations, for example, tend to become more of a problem. Memory begins to deteriorate too.

When it comes to mental operations of this sort, Acker said, "there are statistically significant differences between groups of people over 40 and groups of people under 40."

Nevertheless, Acker added, this does not mean that any manager under 40 will be more alert than a manager over 40. There are large variations in ability within both age groups. And factors like heavy drinking can result in a deterioration in mental faculties similar to that brought about by ageing.

"Differences between individuals are far greater than differences between age groups," Acker said. "If efficiency in mental operations is important in a job, better to hire an able 45-year-old than a not so able 30-year-old."

In any event, Acker said, it is unlikely that the types of mental ability which decline with age are those which a manager requires. Those in positions of leadership need to motivate others to carry out detailed tasks, not do them themselves.

"A crucial change in how management skills are mea-

sured happens at about 40. We are judged not by what we can do but what we can get other people to do," Acker said. "Before 40 we can go out and prove how smart, able and hardworking we are. We can solve tough problems, do big deals, devise new systems."

"However, at age 40 it doesn't work that way any more. The criteria by which really top managers are measured are not under their direct control. It is not about how they do, but how others see them and whether others are willing to follow."

For those who have the ability to motivate their subordinates, passing the age of 40 is unlikely to present many problems. Those who do not have these qualities are the ones who are likely to find the post-40 years difficult and disillusioning.

In the armed services, 40 is the "age range when the military has a staff college to identify those few officers with exceptional leadership skills; the rest are retired. In the army, there are no 50-year-old lieutenants."

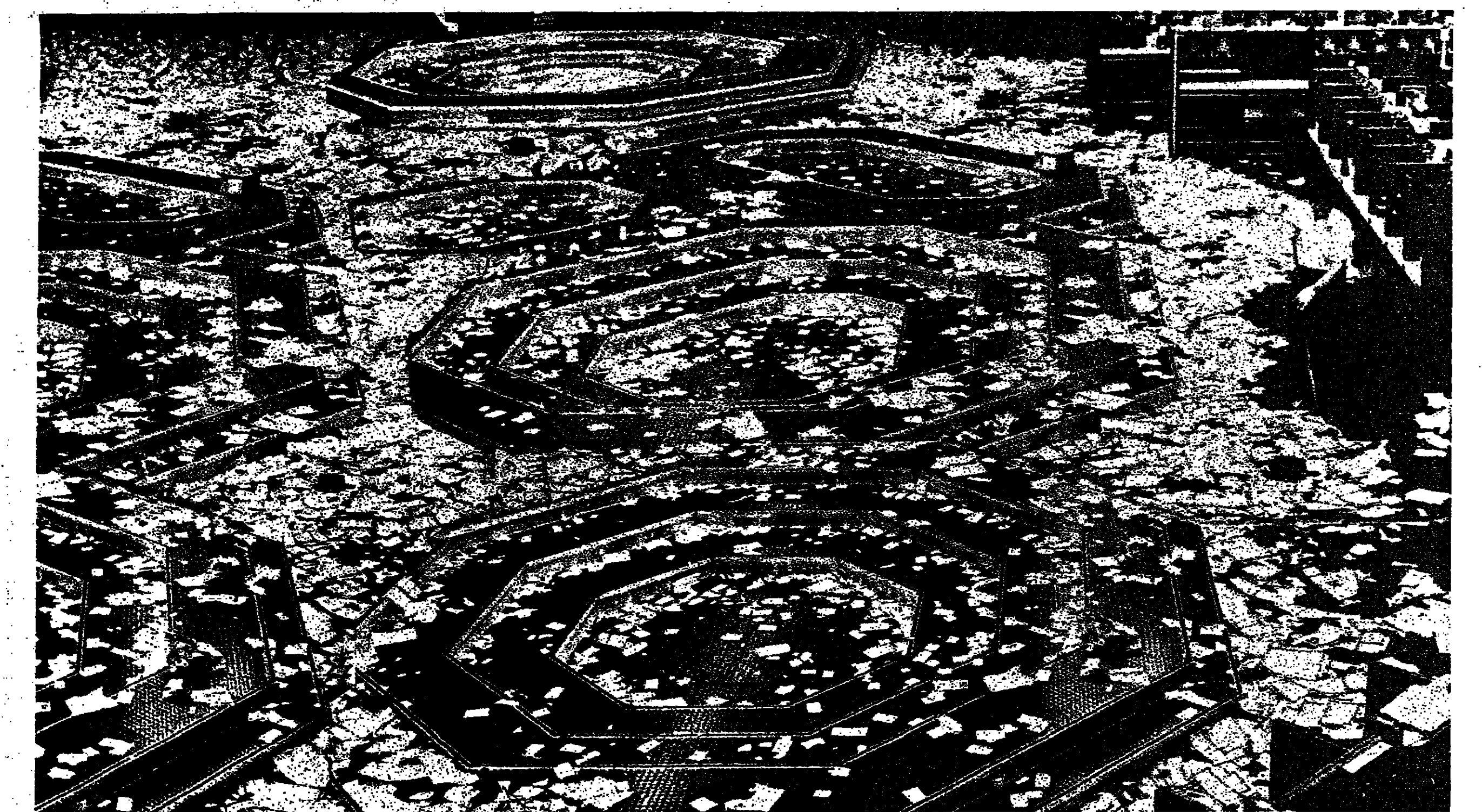
Disgruntled

Companies, on the other hand, tend to keep their older managers on. They simply don't promote them. "In industry, there are plenty of disgruntled 50-year-old managers with high aspirations and limited prospects."

"For a stalled 40-year-old, it is very tough to come to terms with the fact that the quick rise in status he has become used to is over. Disgruntlement brings a lot of 40- to 45-year-olds on to the job market."

Headhunters, however, are not really interested in these disillusioned managers. "They want the specialist leaders who have been identified by their own organisations, not those who have been put on the shelf."

Acker's analysis could not have done much to cheer up the over-40s who find themselves in the position he described. What he did not mention, however, are the legions of "outplacement consultants" who pride themselves on being able to find positions - in small businesses, charities or other companies - for just such frustrated managers.



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For speed and liquidity, as well as sheer size, the Chicago Mercantile Exchange is unmatched in the world. With nearly 69

million contracts traded in 1986, with an average daily volume of \$10 billion, the Merc is the world's largest financial futures and options exchange.

At the Merc, we bring together the bids and offers of competing institutions - not one bid or offer at a time, but the best

of hundreds of bids and offers, all at once and all exchanged by open outcry.

And since we handle so many transactions every day, spreads between bid and offer prices are sharp in all contract months, and our market tends to reflect new information in its prices sooner than any

other exchange.

Remember, in 1989, the Merc gets P-M-T (Pre (post) Market Trading)! Under an agreement with Reuters, we'll be able to offer 24-hour trading opportunities for those who clear through our clearing member firms.

So whether you want to deal in currencies, interest rates or equity indices, remember that the biggest futures and options market in the world is available at the touch of a phone or the tap of the Reuters. For further information give our London office a call on 01-920 0722.



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abnott Management Ltd, and others, with columns for name, type, and dates.

Table listing unit trusts such as Brown Shipley & Co Ltd, Equitable Unit Admin Ltd, and others, with columns for name, type, and dates.

Table listing unit trusts such as Grimsby Mutual Unit Trust, London & Manchester Unit Trust, and others, with columns for name, type, and dates.

Table listing unit trusts such as National Investment Unit Trust, National Provincial Unit Trust, and others, with columns for name, type, and dates.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGI0.

JOTTER PAD: A grid for writing notes, with a header 'JOTTER PAD' and a grid of squares.

CROSSWORD No. 6,684 Set by DANTE

Crossword puzzle grid with numbers 1 through 28 indicating starting positions for words.

- ACROSS: 1 Reserve having to practise while the others go out (9), 6 Called for someone at the hotel (5), 9 Meals provided for the directors (5), 10 Fish with a pole - plain enough? (9), 11 Swirling in and out in flood (10), 12 Point-to-point training establishment (4), 14 Sister diverted with love rances (7), 16 The S. African flag (7), 17 A schoolboy howler? (3,4), 19 Tact as well as art may be needed to draw (7), 20 Castle in the air? (4), 22 Male representative takes me to the bosses (10), 25 Only imagination I am surprised (4,5), 26 Circular belt of gas (5), 27 Sailors may take turn round them (5), 28 Set off for a famous school with an old-fashioned exterior (9).

Table listing unit trusts such as City Financial Services, City Financial Unit Trust, and others, with columns for name, type, and dates.

Table listing unit trusts such as City Financial Unit Trust, City Financial Unit Trust, and others, with columns for name, type, and dates.

Table listing unit trusts such as City Financial Unit Trust, City Financial Unit Trust, and others, with columns for name, type, and dates.

GUIDE TO UNIT TRUST PRICING: Text explaining the pricing methodology, including terms like 'OFFER PRICE', 'NET PRICE', and 'BUYER'S PRICE'.

Handwritten signature or mark at the bottom center of the page.

July 18 1988

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Main table containing unit trust information for various insurance companies, including names, codes, and prices. The table is organized into columns and rows, with sub-sections for different types of insurance and unit trusts.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including names, codes, and prices.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Company Name	Investment Focus	Units	Price	NAV	Dividend	Yield	Assets	Manager
James Mutual Assurance Co Ltd	General	100	1.25	1.25	0.05	4.0%	£100m	James Mutual
Prudential Assurance Co	General	100	1.50	1.50	0.08	5.3%	£200m	Prudential
Royal Heritage Life Assurance Ltd	General	100	1.10	1.10	0.04	3.6%	£80m	Royal Heritage
Stratford Life Assurance Co Ltd	General	100	1.30	1.30	0.06	4.6%	£120m	Stratford Life
Sun Life Unit Assurance Ltd	General	100	1.40	1.40	0.07	5.0%	£150m	Sun Life
Colonial Mutual Assurance Co Ltd	General	100	1.20	1.20	0.05	4.2%	£90m	Colonial Mutual
Prudential Northern Assurance Ltd	General	100	1.45	1.45	0.07	4.8%	£130m	Prudential Northern
Royal London Assurance Ltd	General	100	1.35	1.35	0.06	4.4%	£110m	Royal London
Scottish Mutual Assurance Society	General	100	1.15	1.15	0.04	3.5%	£70m	Scottish Mutual
Standard Life Assurance Company	General	100	1.28	1.28	0.05	3.9%	£100m	Standard Life
Windsor Life Assurance Co Ltd	General	100	1.38	1.38	0.06	4.3%	£115m	Windsor Life
Yorkshire Assurance Co Ltd	General	100	1.22	1.22	0.05	4.1%	£95m	Yorkshire Assurance
Prudential Assurance Co	General	100	1.50	1.50	0.08	5.3%	£200m	Prudential
Royal London Assurance Ltd	General	100	1.35	1.35	0.06	4.4%	£110m	Royal London
Scottish Mutual Assurance Society	General	100	1.15	1.15	0.04	3.5%	£70m	Scottish Mutual
Standard Life Assurance Company	General	100	1.28	1.28	0.05	3.9%	£100m	Standard Life
Windsor Life Assurance Co Ltd	General	100	1.38	1.38	0.06	4.3%	£115m	Windsor Life
Yorkshire Assurance Co Ltd	General	100	1.22	1.22	0.05	4.1%	£95m	Yorkshire Assurance
Prudential Assurance Co	General	100	1.50	1.50	0.08	5.3%	£200m	Prudential
Royal London Assurance Ltd	General	100	1.35	1.35	0.06	4.4%	£110m	Royal London
Scottish Mutual Assurance Society	General	100	1.15	1.15	0.04	3.5%	£70m	Scottish Mutual
Standard Life Assurance Company	General	100	1.28	1.28	0.05	3.9%	£100m	Standard Life
Windsor Life Assurance Co Ltd	General	100	1.38	1.38	0.06	4.3%	£115m	Windsor Life
Yorkshire Assurance Co Ltd	General	100	1.22	1.22	0.05	4.1%	£95m	Yorkshire Assurance

MANAGEMENT SERVICES

Company Name	Assets	Manager
David M. Adams Investment Services Ltd	£100m	David M. Adams
The Analysis Group PLC	£50m	The Analysis Group
Ward & Partners Ltd	£200m	Ward & Partners
Ward & Partners Ltd	£200m	Ward & Partners
Ward & Partners Ltd	£200m	Ward & Partners

OFFSHORE AND OVERSEAS

Company Name	Assets	Manager
Colonial Mutual Assurance Co Ltd	£100m	Colonial Mutual
James Mutual Assurance Co Ltd	£100m	James Mutual
Prudential Assurance Co	£200m	Prudential
Royal London Assurance Ltd	£100m	Royal London
Scottish Mutual Assurance Society	£70m	Scottish Mutual
Standard Life Assurance Company	£100m	Standard Life
Windsor Life Assurance Co Ltd	£115m	Windsor Life
Yorkshire Assurance Co Ltd	£95m	Yorkshire Assurance

OFFSHORE INSURANCES

Company Name	Assets	Manager
Colonial Mutual Assurance Co Ltd	£100m	Colonial Mutual
James Mutual Assurance Co Ltd	£100m	James Mutual
Prudential Assurance Co	£200m	Prudential
Royal London Assurance Ltd	£100m	Royal London
Scottish Mutual Assurance Society	£70m	Scottish Mutual
Standard Life Assurance Company	£100m	Standard Life
Windsor Life Assurance Co Ltd	£115m	Windsor Life
Yorkshire Assurance Co Ltd	£95m	Yorkshire Assurance

Handwritten signature: J. J. J. J.

July 18 1988

FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, including columns for fund names, prices, and performance metrics.

LONDON SHARE SERVICE

Table containing London Share Service data, including sections for British Funds, Foreign Bonds & Rails, and American Funds.

OTHER OFFSHORE FUNDS

Table containing Other Offshore Funds data, including columns for fund names, prices, and performance metrics.

Table containing Money Market Bank Accounts data, including columns for bank names, interest rates, and account details.

UNIT TRUST NOTES: Price is in pence unless otherwise indicated and then denominated in pounds (£) or dollars (\$). Yield % is based on the current rate of interest on the unit trust's assets.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Div, and other financial metrics.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for Stock, Price, Div, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, Div, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, Div, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd

Continuation of building, timber, and road stocks table.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Stock, Price, Div, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, Div, and other financial metrics.

BUILDING, TIMBER, ROADS

Continuation of building, timber, and road stocks table.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, Div, and other financial metrics.

CHEMICALS, PLASTICS

Continuation of chemical and plastic stocks table.

DRAPERY AND STORES

Continuation of drapery and store stocks table.

BUILDING, TIMBER, ROADS

Continuation of building, timber, and road stocks table.

ENGINEERING - Contd

Continuation of engineering stocks table.

CHEMICALS, PLASTICS

Continuation of chemical and plastic stocks table.

DRAPERY AND STORES

Continuation of drapery and store stocks table.

BUILDING, TIMBER, ROADS

Continuation of building, timber, and road stocks table.

INDUSTRIALS (Miscel.) - Contd

Continuation of industrial stocks table.

CHEMICALS, PLASTICS

Continuation of chemical and plastic stocks table.

DRAPERY AND STORES

Continuation of drapery and store stocks table.

BUILDING, TIMBER, ROADS

Continuation of building, timber, and road stocks table.

INDUSTRIALS (Miscel.) - Contd

Continuation of industrial stocks table.

CHEMICALS, PLASTICS

Continuation of chemical and plastic stocks table.

DRAPERY AND STORES

Continuation of drapery and store stocks table.

BUILDING, TIMBER, ROADS

Continuation of building, timber, and road stocks table.

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LONDON SHARE SERVICE

LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure World, Leisure Time, etc. with columns for Price, Bid, Ask, and Dividends.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Newsprint, Printing, Advertising, etc. with columns for Price, Bid, Ask, and Dividends.

TEXTILES - Contd

Table of Textiles stocks including Textiles, Clothing, etc. with columns for Price, Bid, Ask, and Dividends.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc. with columns for Price, Bid, Ask, and Dividends.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil, Gas, etc. with columns for Price, Bid, Ask, and Dividends.

MINES - Contd

Table of Mines stocks including Mines, Metals, etc. with columns for Price, Bid, Ask, and Dividends.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors, Aircraft, etc. with columns for Price, Bid, Ask, and Dividends.

Commercial Vehicles

Table of Commercial Vehicles stocks including Commercial Vehicles, etc. with columns for Price, Bid, Ask, and Dividends.

Garages and Distributors

Table of Garages and Distributors stocks including Garages, Distributors, etc. with columns for Price, Bid, Ask, and Dividends.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers, Publishers, etc. with columns for Price, Bid, Ask, and Dividends.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Paper, Printing, Advertising, etc. with columns for Price, Bid, Ask, and Dividends.

PROPERTY

Table of Property stocks including Property, Real Estate, etc. with columns for Price, Bid, Ask, and Dividends.

SHIPPING

Table of Shipping stocks including Shipping, Maritime, etc. with columns for Price, Bid, Ask, and Dividends.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes, Leather, etc. with columns for Price, Bid, Ask, and Dividends.

SOUTH AFRICANS

Table of South Africans stocks including South Africans, etc. with columns for Price, Bid, Ask, and Dividends.

TOBACCO

Table of Tobacco stocks including Tobacco, etc. with columns for Price, Bid, Ask, and Dividends.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc. with columns for Price, Bid, Ask, and Dividends.

FINANCE, LAND, ETC

Table of Finance, Land, Etc stocks including Finance, Land, Etc, etc. with columns for Price, Bid, Ask, and Dividends.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Traders, etc. with columns for Price, Bid, Ask, and Dividends.

PLANTATIONS

Table of Plantations stocks including Plantations, etc. with columns for Price, Bid, Ask, and Dividends.

Rubbers, Palm Oil

Table of Rubbers, Palm Oil stocks including Rubbers, Palm Oil, etc. with columns for Price, Bid, Ask, and Dividends.

TEAS

Table of Teas stocks including Teas, etc. with columns for Price, Bid, Ask, and Dividends.

MINES

Table of Mines stocks including Mines, Metals, etc. with columns for Price, Bid, Ask, and Dividends.

THIRD MARKET

Table of Third Market stocks including Third Market, etc. with columns for Price, Bid, Ask, and Dividends.

Central Rand

Table of Central Rand stocks including Central Rand, etc. with columns for Price, Bid, Ask, and Dividends.

Eastern Rand

Table of Eastern Rand stocks including Eastern Rand, etc. with columns for Price, Bid, Ask, and Dividends.

Far West Rand

Table of Far West Rand stocks including Far West Rand, etc. with columns for Price, Bid, Ask, and Dividends.

O.F.S.

Table of O.F.S. stocks including O.F.S., etc. with columns for Price, Bid, Ask, and Dividends.

Central Africa

Table of Central Africa stocks including Central Africa, etc. with columns for Price, Bid, Ask, and Dividends.

Stock Exchange dealing classifications are indicated to the right of the stock names: A Alpha, B Beta, Y Gamma. Stock prices are shown in pence and fractions unless otherwise indicated. Dividends are shown in pence and fractions unless otherwise indicated. Dividends are shown in pence and fractions unless otherwise indicated.



Berkley bridge project

TIDEWATER CONSTRUCTION CORPORATION, an American subsidiary of Kier, has commenced work on the US\$71.1m (€41.8m) contract for the Berkley Bridge, Norfolk, Virginia, US.

There are three primary elements to the contract: construction of a rolling-lift double-leaf bascule bridge to carry an interstate road over the eastern branch of the Elizabeth River; reconstruction and widening of a parallel bascule span bridge (built by Tidewater in 1950) and the construction of a complex interchange east of the bridges in the City of Norfolk.

The bridge, 2,329ft in length, will carry four lanes of traffic with a 150 ft centre span and 50 ft of vertical clearance when the bridge is closed.

Founded on concrete square piles ranging from 12 to 24 inches square and 100 ft in length, together with steel TP piles 130 ft long, the bridge will be substantially complete by December 1991.

Work on the earlier bridge will include removing the superstructure, inspecting all the structural steel for fatigue and replacing all other elements. This span will then be widened and the extra weight carried by post-tensioned tendons through the girders instead of adding steel.

Hong Kong hospital project

The Hong Kong Government has appointed HIGH-POINT CTMS (HONG KONG), a member of the High-Point Services Group, as project management consultants for the expansion of the United Christian Hospital in Kowloon. High-Point CTMS (Hong Kong) will be responsible for the overall co-ordination of the design, construction, procurement and commissioning of the project which comprises five multi-story blocks for hospital and nursing staff and a new school of nursing.

CONSTRUCTION CONTRACTS



£26m orders for Lesser

LESSER DESIGN & BUILD, Teddington, has been awarded contracts worth £26m. They include Mecca Leisure's first hotel, a Capital & Counties development, two B & Q superstores, further work at the Surrey University research park and contracts for Hampshire's Sparsholt College, and for Britax at Andover.

Mecca's £5.5m order is for a 100-bedroom development, the Botley Country Club Hotel, shown in the artist's impression above. Opening early in 1990, it will include leisure facilities and an 18-hole golf course.

At Heathrow, for Capital & Counties, a £5.5m office project will provide 50,000 sq ft of lettable area on three floors, for completion in 1989.

For B & Q, Lesser has started work on two DIY superstores, worth £7m, at Newbury and New Malden. Both will be completed by the end of the year.

At Surrey University, Guildford, the company is working on the latest phase of the research park. Worth over £2m, it will provide three office and research blocks, for occupation in October next year.

Student and staff accommodation with recreational facilities is to be built at Sparsholt College, Hampshire, for £3.4m. Work has started on an 85,000 sq ft office and manufacturing base at Andover for Britax. Worth £2.5m, completion is scheduled for next year.

Electrical and mechanical services

CROWN HOUSE ENGINEERING has been awarded five contracts totalling £22.75m.

At the Windmill Hill Business Park in Swindon, Tarmac Construction has awarded a £13.75m contract, on behalf of St Martins Property Corporation, for the installation of engineering services at the new 15,000 sq metre computer centre for the Galileo Distribution System. This is the new ticketing system for a consortium of major international airlines.

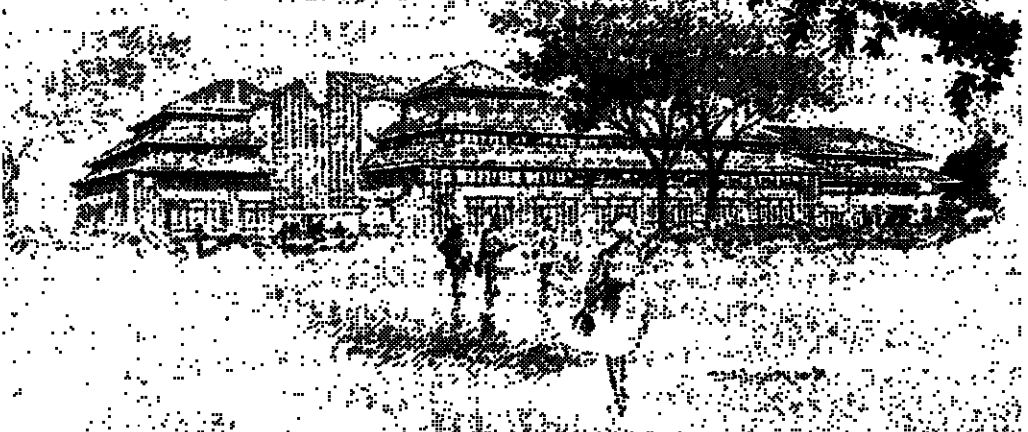
Two retail sector mechanical services installation contracts have been awarded; a £3.1m contract at John Lewis Partnership's Kingston-on-Thames store and a £2m contract for Shearwater Properties at the Eastleigh Shopping Centre. Crown House Engineering will design and install the mechanical and electrical services at Derrill UK's Foxhills Industrial Estate, Southampton, factory in a £640,000 contract.

Shepherd Construction has awarded a £1m design and installation contract for mechanical and installation services, including fire protection and instrumentation for SKK & Dormer Tools' new factory at the Holbrook Industrial Estate, Sheffield.

Refurbishing City of London offices

HIGGS AND HILL, MANAGEMENT CONTRACTING has started work on a £4.5m contract for the Prudential Assurance Co for refurbishing six floors of multi-let offices. The work, covering 76,000 sq ft, includes air conditioning and electrical services.

The Property Services Agency has commissioned HIGGS AND HILL BUILDING to construct offices and laboratories for the Food Science Laboratory at Norwich in Norfolk. The project will comprise a three-storey building with two wings and a central block



WIMPEY CONSTRUCTION (UK) has been appointed as the main contractor for approximately 98,000 sq ft of offices for the TSB Trust Co at its Charlton Place, Andover, site. The contract is valued in the region of £7.25m. The fully air conditioned building will form the second phase of the office development at Charlton Place. Landlords, who are also advising the TSB Trust Co on its recently announced South Wales development, have been appointed as the project co-ordinators for the Charlton Place building for which the design and build system will be used. Construction is due to commence in July 1988 with completion scheduled for October 1989.

APPOINTMENTS

Reorganisation at Clifford's Dairies

Following the acquisition by CLIFFORD'S DAIRIES of Morton Foodstuffs, Mr Nigel Bernard, marketing director of Private Capital, is also joining the board. Mr John Dalby, formerly managing director of Motorola Communications U.K., has been appointed chairman of the UK PACING OPERATORS ASSOCIATION, succeeding Mr Joe Whelan who has retired.

Mr John Dalby, formerly managing director of Motorola Communications U.K., has been appointed chairman of the UK PACING OPERATORS ASSOCIATION, succeeding Mr Joe Whelan who has retired.

Mr John Lock, general manager and director of the Mercantile and General Reinsurance Company, has been elected president of the INSURANCE INSTITUTE OF LONDON. Mr Bryan Kellest, of Lloyd's, has become deputy president.

Mr John Wilfred Longhorn, operations systems manager for Lynx Express Delivery Network, has been elected to represent shareholders on the board of the employee-owned NATIONAL FREIGHT CONSORTIUM as a non-executive director.

Mr Tony Cersell has been appointed managing director of KV (AUTOMATION SYSTEMS). He remains sales director of Kay Pneumatics.

Mr Richard Swallow has been appointed divisional manager insurance broking at TSB TRUST COMPANY. He was head of insurance broking and a director of TSB Insurance Brokers, a subsidiary.

Mr Joe Smith has joined NORTON ORX as group finance director. He was finance director of John Crowther Group. Mr Roger Dimbleby will remain with the group as finance director of the interna-

national division and will retain day-to-day responsibility for group treasury, tax and statutory consolidation functions.

Mr Jon Hitch has been appointed managing director of CROWN WALLCOVERINGS, part of the Borden Group. He was export director.

Mr W.R. White-Cooper has been appointed deputy chairman of SEDGWICK.

Mr John Lock, general manager and director of the Mercantile and General Reinsurance Company, has been elected president of the INSURANCE INSTITUTE OF LONDON. Mr Bryan Kellest, of Lloyd's, has become deputy president.

Mr Paul Wright, director of group finance at Hambros Bank, is joining STANDARD CHARTERED as group financial controller.

Mr Anthony Lucas, formerly group design and purchasing co-ordinator for Europe and the US with Trusthouse Forte Hotels, has joined DEAN & BOWES (HOTEL INTERIORS) as a non-executive director.

EMSTAR Shell UK's contract engineering manager, has promoted Mr Richard Timson to managing director. He is succeeded by Mr John Ashcroft, who was marketing and sales director. Dr David Strong joins the board as marketing and sales director from W.S. Atkins, where he was an executive director.

CHASE INVESTMENT BANK has appointed the following associate directors: Mr Neil McKinnon, a former senior economist with Nomura, will be responsible for UK eco-

nomics forecasting. Mr Harry Langley, formerly responsible for Eurobond sales at Security Pacific Home Govt, and Ms Heather Pearson from Donaldson Lufkin & Jenrette International, join as senior fixed income sales executives.

Mr Ari Zaphirion-Zarif has become chairman of THE HERITABLE AND GENERAL INVESTMENT BANK, while remaining group chief executive. Mr Martin Young has been appointed managing director responsible for the day-to-day running of the bank. Mr Peter Longland remains chairman of the holding company, Heritable Group, having retired as chairman of the bank.

Mr Tadewsz Jarnolkiwicz has been appointed company secretary and legal adviser to BLUEBIRD TOYS and its subsidiaries.

Mr B.T.G. Prevost has been appointed managing director of SWISS RE (UK), and relinquishes his post as general manager. Mr G. Wilkinson becomes a director and is promoted to general manager (finance). Mr J.R. Coomber is promoted to general manager (life); Mr A.F.B. Leonard to general manager (management services); Mr R.P. Robinson to general manager (non-life); and Mr D.W. Hinds to deputy general manager (non-life).

Mr Peter Teasdale has been appointed finance director of S & P COIL PRODUCTS, a Halma subsidiary. He was systems accountant with Samuel Courtauld.

Mr Andrew Smith has been appointed UK director of sales by ATEX. He was general sales manager.

DIARY DATES

Table with columns for Parliamentary, Trade Fairs and Exhibitions: UK, Overseas Exhibitions, and Business and management conferences. Includes dates and topics like 'Commons: Timetable motion on the Education Reform Bill' and 'August 7-10 Furniture Show'.

FINANCIAL

Table listing financial events, company meetings, and interest payments. Includes dates and company names like 'Today: Aberdeen House, The Peasmarsh Hotel' and 'Tomorrow: Cowi Ltd, The Merritt Hotel'.

FINANCIAL TIMES CONFERENCES

COMMERCIAL AVIATION TO THE END OF THE CENTURY. London, 30, 31 August & 1 September 1988. The accelerating pace of expansion in commercial aviation worldwide and the impact this will have on all the existing facilities for the rest of this century will be the subject of the Financial Times latest conference to be held immediately prior to the Farnborough International Air Show.

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WORLD STOCK MARKETS

Handwritten signature: J. J. ...

Table with columns: Country, Stock Name, Price, Change. Includes sections for Australia, Canada, and Japan.

Table with columns: Country, Stock Name, Price, Change. Includes sections for France, Germany, Italy, and Switzerland.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Canada, Mexico, and South Africa.

Table with columns: Country, Stock Name, Price, Change. Includes sections for MONTREAL and OVER-THE-COUNTER.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Australia, Canada, and Japan.

Table with columns: Country, Stock Name, Price, Change. Includes sections for France, Germany, Italy, and Switzerland.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Canada, Mexico, and South Africa.

Advertisement for 'Travelling on Business in Italy?' featuring travel agencies and hotel recommendations.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Closing prices July 15

Main table of stock prices with columns for High, Low, Stock, Chg., P/E, Div., and various price points. Includes a 'Continued on Page 29' note at the bottom right.

Handwritten scribble at the bottom center of the page.

July 18 1988

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, change, and volume.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, change, and volume.

OVER-THE-COUNTER

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, change, and volume.

Advertisement for 'Have your F.T. hand delivered in Germany' featuring Financial Times and contact information for Frankfurt.

Advertisement for 'Have your F.T. hand delivered' featuring Financial Times and contact information for Athens.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Enthusiasm for the dollar and uncertainty for the pound

By Colin Millham

NO ONE wishes to hit a fellow when he is down and has been through a hard time, but it must be asked whether the dollar should be given quite the enthusiastic treatment seen on Friday.

A sporting comparison might be that the latest England cricket captain achieves a draw in the next test match with the West Indies, after five days of intermittent rain, and is rewarded with a knighthood.

On the other hand the market regarded the figures with relief, simply because they did not alter the overall optimistic view of the US currency.

But the overall position does not look particularly encouraging in the longer term. There is likely to be increasing political uncertainty in the build up to the November presidential election, and there is also no strong indication that the trade deficit will improve much more.

Mr Rupert Thompson, US economist at Morgan Grenfell, said he believed the attitude of central banks rather surprising to have been very half hearted, and has done nothing to dent the market's enthusiasm for the dollar.

Today's figures on UK retail sales in June will be regarded as an important pointer to the amount of demand in the economy. A survey by MMS International points to a rise of 0.5 p.c., compared with 0.3 p.c. in May.

£ IN NEW YORK

Table showing £ in New York market rates for July 15, including columns for Bid, Ask, and Change.

STERLING INDEX

Table showing Sterling Index values for July 15, with columns for Bid, Ask, and Change.

CURRENCY RATES

Table showing Currency Rates for various countries including Australia, Canada, Hong Kong, and others.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for Currency, Bid, Ask, and Change.

OTHER CURRENCIES

Table showing Other Currencies including Argentina, Brazil, Chile, and others.

FORWARD RATES AGAINST STERLING

Table showing Forward Rates Against Sterling for various currencies and terms.

MONEY MARKETS

Looking for another base rate rise: THESE ARE some rather alarming forecasts in circulation for UK bank lending and money supply figures for June.

Mr John Sheppard, at Warburg Securities, said sentiment worsened sharply on Friday, and that there is a need for the authorities to give a lead to the market.

He believes this means a rise of 1 p.c. to 11 p.c. in base rates ahead of the bank lending data.

UK clearing bank base lending rate 10 per cent from July 4.

These figures could send shudders through the market, after last week's comment by Mr Nigel Lawson, the Chancellor of the Exchequer, that he is dissatisfied with the current level of inflation.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various countries like Belgium, France, Germany, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table showing Pound Spot-Forward Against the Pound rates.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot-Forward Against the Dollar rates.

EURO CURRENCY INTEREST RATES

Table showing Euro Currency Interest Rates for various currencies and terms.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

CURRENCY FUTURES

Table showing Currency Futures for Sterling, Dollar, and others.

MONEY RATES

Table showing Money Rates for New York and London.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and terms.

LIBOR 3-MONTH US DOLLAR

Table showing LIBOR 3-Month US Dollar rates.

LIBOR 3-MONTH UK POUND

Table showing LIBOR 3-Month UK Pound rates.

LIBOR 3-MONTH EURO CURRENCY

Table showing LIBOR 3-Month Euro Currency rates.

LIBOR 3-MONTH STERLING

Table showing LIBOR 3-Month Sterling rates.

LIBOR 3-MONTH US DOLLAR

Table showing LIBOR 3-Month US Dollar rates.

LIBOR 3-MONTH UK POUND

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LONDON RECENT ISSUES

Table showing London Recent Issues for various companies, including Anglo-Thai, Anglo-Terracotta, etc.

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Table showing Fixed Interest Stocks including various government and corporate bonds.

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Table showing Rights Offers for various companies.

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange for various currencies and terms.

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Table showing Base Lending Rates for various banks and currencies.

FT-ACTUARIES WORLD INDICES

Table showing FT-Actuaries World Indices for various countries and markets.

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries.